

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

Paris, Saturday-Sunday, February 22-23, 1997

No. 35,452

TODAY:
Relocation, Page 15
MONEY

Britain Again Ponders Miscarriage of Justice

3 Jailed for 18 Years in a Murder Go Free as Trial Is Found 'Flawed'

By Youssef M. Ibrahim
New York Times Service

LONDON — Authorities released three men Friday who had served 18 years in jail for a murder they never committed, reversing another dramatic misstep of the British justice system. Pronouncing their trial in 1979 "fundamentally flawed," a judge set the three men free on unconditional bail. A full appeal hearing was scheduled April 8.

courts, neglect by investigators in examining new evidence and the refusal of several home secretaries, who ultimately oversee such cases, to interfere.

It is virtually certain the three men will be exonerated and compensated, though meagerly, for what has turned out to be one of several spectacular cases that have landed innocent people in prison for long terms in the last two decades in Britain.

The three — Michael Hickey, 35; his cousin, Vincent Hickey, 42, and James Robinson, 63 — were sentenced in 1979 for killing Carl Bridgewater, 13.

The boy was shot at point-blank range on Sept. 19, 1978, when, while



Michael Hickey kicking the air in joy Friday next to his mother after he and his cousin, Vincent Hickey, second from right, and James Robinson, right, were freed in London. In the center is Vincent Hickey's mother.

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For Radical Change, Consider the CEO's Kid Brother

By Judith H. Dobrynski
New York Times Service

NEW YORK — It is a classic management problem. A company is rolling along, unaware that the bumps it is hitting signal the need to change the way it does business. It isn't really broke, the chief executive thinks, so there is no need to fix it. A little tinkering will do the trick.

But as company after company — from Eastman Kodak to General Motors to International Business Machines — has shown, that way leads to disaster.

The mystery is why so few smart, worldly wise chief executives see the need to foment a corporate revolution before disaster hits.

Frank Sulloway has a theory: Too many first-born men rule corporations. First-born children, he thinks, based on 26 years of research, are authoritarian conformists, assiduously interested in preserving the status quo. Later-borns are more adventurous and receptive to innovation.

"Whenever something really drastic is required, it's always more difficult for a first-born to do it," said Mr. Sulloway, a science historian and research

scholar at the Massachusetts Institute of Technology who has amassed a huge data base that, he says, proves his point statistically. "That means they'll be doing it later than they should."

"Strategy," he said, "is something that later-borns ought to be superior at compared with first-borns, who are in turn more adept at managing than at strategic overhauls."

Mr. Sulloway, who is the third of four children, ignited something of his own revolution in the autumn when he published "Born to Rebel: Birth Order, Family Dynamics, and Creative Lives"

(Pantheon). In it, he argued that birth order is the most reliable predictor of openness to innovation and social change.

That conclusion was based on Mr. Sulloway's analysis of a data base he built of 6,566 people who participated in 121 political and scientific upheavals, including the French Revolution, the emergence of Darwin's theory of evolution and the Protestant Reformation.

While he has not systematically studied business

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Opposition Takes Power At City Hall In Belgrade

With Coffers Empty, Milosevic's Foes Turn To Making Buses Run

By Jane Perlez
New York Times Service

BELGRADE — Serbia's opposition coalition took control of the Belgrade City Council on Friday, the biggest prize so far in its fight to topple President Slobodan Milosevic and a main goal of nearly three months of street protests.

The leader of the Democratic Party, Zoran Djindjic, 44, a philosopher-turned-politician and one of three leaders of the demonstrations, was elected mayor, the third non-Communist to hold the post since 1945.

"I hope with the support of the citizens we will be able to finally say that Belgrade has become a European metropolis," Mr. Djindjic said after taking the chair of the rowdy council session that was often obstructed by taunts from the extreme nationalist allies of Mr. Milosevic.

By trying to improve the daily life in the run-down city, where buses barely run and the archaic phone system is crumbling, Mr. Djindjic said he hoped to use the council as a "stepping stone" for victory against Mr. Milosevic and his Socialist Party in parliamentary elections due at the end of the year.

Friday's proceedings, which swept the opposition from the relatively easy task of maintaining street demonstrations to actually running a city government, ended 88 days of protests.

The demonstrations were sparked by Mr. Milosevic's decision to annul opposition victories last Nov. 17 in 14 of Serbia's 19 largest cities and towns, including Belgrade. The endurance of the protesters and defections from his camp of loyalists, including businessmen, the Serbian Orthodox patriarch and politicians, left Mr. Milosevic considerably weakened.

The president finally agreed to reinstate the results early this month, and Belgrade was the last of the 14 city governments to be taken over by the opposition. In the smaller cities where the opposition coalition has started to run municipal governments, they have found depleted budgets and purposeful ransacking of government property by the Socialists.

Now in power in the capital, the opposition is confronted with similar obstacles.

Turning to questions of the nitty-gritty of government — like budgets and buses — senior members of Mr. Djindjic's party said the Socialist Party had left the city coffers empty.

The party leaders said that because the city was historically so dependent on the Serbian Parliament, still dominated by Mr. Milosevic and his Socialist Party, it was not clear what budgetary functions the new council had.

Mr. Djindjic also faces cracks in the facade of unity that the three-party coalition managed to maintain during the protests.

Vuk Draskovic, one of the main opposition leaders, stood in the lobby of the council chamber while Mr. Djindjic was inside and denounced plans for street festivities Friday night, saying that the opposition risked the wrath of impoverished citizens if it celebrated.

"Right now we are facing reality, very bad reality," said Mr. Draskovic, the head of the other main opposition party, the Serbian Renewal Movement. "We have hungry people demonstrating, teachers, workers, students. Very soon they will be demonstrating against us."

Despite Mr. Draskovic's objection, the plan went ahead, highlighted by climbers mounting the steeple of the City Council Building, dislodging the Communist red star and carrying it to a museum for posterity.

Tax Deadbeats Hobble Russia

Hardly Anyone Seems to Pay

By Michael Gordon
New York Times Service

TOLYATTI, Russia — The managers of Russia's largest carmaker like to think big.

Two thousand cars a day roll off the cluttering, mile-long assembly lines here at the AvtoVAZ plant. Its gleaming new headquarters is 24 stories high. An entire city was built along the Volga river to accommodate the 111,000 workers who toil away at the main plant.

But the biggest, and most politically explosive number of all is AvtoVAZ's bill for overdue taxes. It owes 2.8 trillion rubles (\$494.4 million) to the federal treasury in taxes and penalties, more than any other Russian company.

The government will have to wait to be paid, company officials calmly explain. AvtoVAZ is not in a position to pay its debt any time soon, and for a number of reasons, the government is in no position to force the issue. Corporate bosses have a lot of pull in Russia, and the government is afraid that killing off doddering enterprises could cause social upheaval.

As Russia struggles to emerge from the self-inflicted misery of communism, this has become the country's fiercest economic debate — not privatization or inflation, but taxes, and the fact that hardly anyone seems to pay them.

The government has begun a public-relations campaign exhorting citizens to pay their taxes.

Indeed, top aides to President Boris Yeltsin have brandished the threat of forced bankruptcy to compel Russia's largest corporations, like AvtoVAZ, to pay their mounting tax debts.

It is very much an uphill fight. Revenue to the federal treasury is about 9.5 percent of Russia's gross national product, a far cry from the level of 16.5 percent in 1992.

But this is much more than a game of numbers. The failure to collect enough taxes has fueled unrest by delaying wages to disgruntled soldiers and workers. It has bred resentment among retirees whose pensions have been deferred. It has discredited Parliament by making a laughingstock of its budget deliberations, since no one believes that enough funds will be collected to carry out the government's spending plans.

The immunity of politically connected companies to the tax authorities has also stoked a corrosive, popular cynicism about the new Russian democracy and the leaders who run it. It is a vicious circle in which the few who pay their full share feel like dupes in a corrupt game instead of responsible citizens.

In economic terms, the failure to collect taxes has pushed

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Secretary of State Madeleine Albright chatting with some children in the Kremlin on Friday.

Moscow Still 'Negative' to NATO

Albright Announces the Creation of a Negotiating Group

By Steven Erlanger
New York Times Service

MOSCOW — Despite assurances from Secretary of State Madeleine Albright that a transformed NATO is "no longer a situation of you versus us," the Russian foreign minister, Yevgeny Primakov, said Friday that Moscow remained "negatively disposed to the expansion of NATO."

He said Russia would participate in a serious effort to negotiate a charter between Moscow and the North Atlantic Treaty Organization in any case, and praised the constructive and "fruitful" talks

on issues from the Middle East and Afghanistan to China and Cyprus. "We are doing everything we can think of to minimize any negative consequences that might result, in the event NATO does expand," he said.

But Mr. Primakov insisted that any NATO-Russian charter, to govern security relations, have a "binding, mandatory character," ratified by all the parliaments concerned. That is a position Washington rejects, insisting instead that the document be a political, not a legal one, and that signatures from all 16 NATO leaders and the

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North Korea Will Attend U.S. Briefing On Peace Talks

By Kevin Sullivan
Washington Post Service

SEOUL — North Korea announced Friday that its representatives would attend a briefing with the United States and South Korea on proposed talks to negotiate a formal end to the Korean War, which ended in a cease-fire 44 years ago.

The North's announcement that it would attend the briefing, to be held March 5 in New York, capped a topsy-turvy 10 days that seemed to threaten delicate steps taken in recent months toward easing tensions on the heavily armed Korean Peninsula.

A top North Korean official, Hwang Jang Yop, sought political asylum in the South Korean mission in Beijing on Feb. 12. Three days later, the South accused North Korean agents of shooting and critically wounding another high-profile defector in Seoul.

Despite the tensions caused by those incidents, the South announced that it will send \$6 million in humanitarian food aid — along with \$10 million in aid from the United States — to the North to combat severe food shortages that aid agencies say are hovering at famine levels.

The announcement on the North's official state radio about the briefing further eased the rift over the defector standoff in Beijing and the shooting in Seoul.

The announcement also was seen as a victory for American and South Korean diplomats, who have been working to bring the North to the negotiating table, and to ultimately reduce the danger of armed confrontation on the peninsula.

See KOREA, Page 5

Run on 'Free' Money in Japan Cripples the Yen

By Sheryl WuDunn
New York Times Service

TOKYO — There is a reason why the Japanese yen comes across as the weakest of the currency markets these days:

Newstand Prices	
Andorra	10.00 FF Lebanon
Arillas	12.50 FF Morocco
Cameron	1.600 CFA Qatar
Egypt	EE 5.50 Réunion
Gabon	10.00 FF Saudi Arabia
Greece	1100 CFA Senegal
Italy	350 Dr. Spain
Ivory Coast	2,800 CFA U.A.E.
Jordan	1,250 JD U.S. Mil. (Eur.)

Japan, with its struggling economy, frail stock market and cheap funds, has become a place to borrow, not invest.

"Here in Japan you are in an extraordinary situation, and that extraordinary factor is that money is free," said Jesper Koll, an economist at J.P. Morgan Securities Asia Ltd.

With rock-bottom interest rates essentially offered by inflation, he continued, money has become a free commodity.

"As a result," he quickly added, "it is flowing out of the country. Are we not now just witnessing the making of another bubble?"

So while some in the United States are preoccupied with how strong the dollar should be, here in Japan the headache is how weak the yen will get.

Every few days, a Japanese official utters fretful remarks about the decline of the yen, which, in percentage terms, traveled twice as far against the dollar in

January as it had moved on average each month last year.

Yet, Japanese officials might be relieved that investors have only recently acted on an increasingly legitimate reason for a weaker yen: the gap in interest rates between their country and the United States.

People are pumping money out of Japan in search of higher yields, fueling the stock and bond markets in New York and overseas, several economists here say. Investors come to Japan to raise funds, then convert their yen borrowings into dollars. When such activity turns into a flood, the value of the yen slides.

Investments from Japan in dollar assets more than tripled last year, to about \$43 billion. But many economists and analysts say that those figures dwarf the amount of yen borrowing, much of which cannot be traced when funds are raised in yen in Europe.

Such borrowing could run as high as

\$40 billion to \$60 billion a month, Mr. Koll said. Partly as a result, he said, the dollar could soar to 160 yen or beyond. The dollar finished at 122.85 yen here Friday, down from 124.15 on Thursday.

Of course, there have been fears of a yen collapse before. Early last summer, a pattern of deterioration in Japanese trade figures alarmed some central bank officials, who worried that investors might react rashly, dumping yen and bringing about a collapse of the currency.

The yen certainly weakened, along with a decline in Japan's current-account surplus, the broadest measure of trade, but there was no free fall. Some economists suggest that, given the state of the economy, the yen may not slow its fall until the dollar reaches 130 yen.

The role of interest rates becomes crucial: Japan's official discount rate, the interest rate the central bank charges

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AGENDA

Jiang to Pursue Deng's Reforms

The Dollar	
New York	Friday @ 4 P.M. previous close
Doll	1.6891 1.6936
Pound	1.619 1.6114
Yen	123.265 122.455
FF	5.7005 5.684

The Dow	
Friday close	previous close
+124	6931.62 6927.38
S&P 500	
Friday @ 4 P.M.	previous close
change	801.77 802.77

EUROPE Page 2
Protesters to Take to Streets of Paris

THE AMERICAS Page 3
Sex Crime Saga in a Florida City

President Jiang Zemin vowed Friday to push forward the reforms that Deng Xiaoping began 18 years ago.

"The Communist Party, the Chinese Army and people of various ethnic groups are determined to turn grief into strength," Mr. Jiang said.

Speaking for the first time in public since Mr. Deng, 92, died Wednesday, Mr. Deng's designated heir pledged to "hold high the great banner of Deng's theory to build socialism with Chinese characteristics." The police tightened security to guard against political demonstrations. Page 7.

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Civil Rights Advocates Assail U.S. Airline Security Plan

By Michael A. Fletcher
and Stephen C. Fehr
Washington Post Service

WASHINGTON — Yuri Tadesse, a top aide to Jesse Jackson, the civil rights leader, said he missed two flights and endured five luggage searches because the airline on which he was traveling inexplicably identified him as a security risk while he was trying to board a flight out of Washington. Mr. Tadesse said he was offered no explanation for the seven-hour ordeal.

On New Year's Day, Mariam Saadeh and her two preschool children were waiting at the El Al ticket counter in Newark, New Jersey, when an employ-

ee identified them as potential terrorists and sent them packing on another flight.

The cases are among dozens cited by U.S. civil rights advocates who are questioning what they call the aggressive and seemingly arbitrary tactics used by airlines and airport security personnel to guard against terrorism. Amid escalating concerns over passenger safety, the activists say, airlines have become the newest frontier for civil rights abuses committed under the guise of public safety. The result, they say, is that Arab-Americans and other minorities are now facing on airlines the same kind of unfair scrutiny they already receive on U.S. roadways and trains.

The issue has intensified with a new administration proposal to use computers to identify passengers who should face extra scrutiny from airport security officials.

Under the plan, airlines would build computer profiles characterizing the type of people they suspect are potential security risks by examining dozens of factors, including when passengers bought their tickets, their method of payment and their travel histories.

But opponents of the plan say the approach may be unconstitutional and could lead to additional discrimination against Muslims and people with Arabic names.

"Profiling is unlikely to stop bomb-

ers, is invasive of privacy and likely to be discriminatory," said Greg Nojeim, legislative counsel for the American Civil Liberties Union. "Even a profile that does not include race as an element can often have an unjustifiable, disparate racial impact."

The American Civil Liberties Union is among 19 organizations that signed a letter to Vice President Al Gore this month expressing reservations about some of the proposals forwarded to President Bill Clinton by an aviation security panel.

Headed by Mr. Gore, the group examined ways to improve safety following the explosion last summer of TWA Flight 800 off the coast of New York.

Airlines now determine for themselves which passengers constitute a potential security risk and select those to whom they give extra scrutiny. Houaida Saad, legal counsel for the American Arab Anti-Discrimination Committee, said, "Arab-Americans are being pulled over even before the profile kicks in."

Defenders of the computerized profiles — the most controversial of the more than 50 recommendations made by the White House Commission on Aviation Safety and Security — argue that the system would actually eliminate many of the prejudices that may now be employed by airline personnel working to identify potential terrorists.

Leftist Leaders Are Wary Of Street Protest in Paris Over Immigration Bill

By Barry James
International Herald Tribune

PARIS — A large part of France's intellectual establishment plans a street demonstration in Paris on Saturday against the government's immigration bill, but the issue has provoked a dilemma for Socialist politicians who are finding that many voters actually like the proposed tougher measures.

Although thousands from all walks of life have signed petitions against the bill and the Paris demonstration promises to be one of the biggest in years, the leader of the Socialist Party, Lionel Jospin, plans to be elsewhere. Marc Blondel, leader of Force Ouvrière, one of France's big three organized labor groups, also plans to stay away.

Even Communist Party officials seemed reticent about getting too openly involved in the fray.

While they are not openly saying as much, the leftist parties appear to fear that involvement might help drive working class voters, concerned about rising unemployment, into the arms of the extreme right National Front.

The Front has won control of four municipalities in southern France and is organizing to become a potent nationwide force in elections for the National Assembly in March 1998. The National Front has already succeeded in supplanting the Communist Party as the preferred choice in some working class areas around Paris, in Alsace and elsewhere.

Petitioners against the immigration measures see echoes of France's wartime, pro-Nazi Vichy regime in the government's proposed measures. Then, French residents giving shelter to Jews were ordered to provide the police with information. The present bill would have required residents giving hospitality to foreigners to inform their mayor when their guests departed, in effect making citizens responsible for enforcing the immigration law.

The affair boiled over after a French woman was convicted for giving hospitality to a friend from Zaïre who did not have residence papers.

In an attempt to get around the charge that the law would turn the French into police informers again, an amendment

to the bill approved Thursday places the onus on the foreign visitors to report their own departure, as is the case with some visa-holders in the United States. The proposed measures in France will not apply to anyone not required to have a visa, including citizens of other European Union countries and the United States, but could fall heavily on visitors from North Africa, Africa and Asia.

The demonstration is going ahead anyway Saturday. Many on the left see the issue as an important area in which to combat the ideas of the National Front, which talks of expelling millions of immigrants.

But one French citizen in every four has at least one foreign grandparent, and it is difficult to define who is an immigrant. In practical terms, National Front policies add up to racism against North Africans in particular.

State-controlled France 2 television broadcast a program Thursday about the National Front's leader, Jean-Marie Le Pen, that drew parallels between his remarks on immigrants and the ideology of Vichy and the Nazis.

Mr. Le Pen sought unsuccessfully to obtain an injunction against the program, which showed purportedly cult-like aspects of the National Front and raised questions about the sources of Mr. Le Pen's wealth. The National Front dismissed the program as "Stalinist," but the minister of culture, Philippe Douste-Blazy, said it was "a frightening document."

Riot police prevented hundreds of students on Paris's Left Bank from marching on a hall where Mr. Le Pen was speaking Thursday night.



Demonstrators in front of the Sorbonne Thursday protesting an immigration proposal and the extreme right.

Portugal to Speed Inquiry Into Nazi Gold Dealings

Compiled by Our Staff From Dispatches

LISBON — Stung by suggestions it is dragging its feet, Portugal's central bank will set up a special commission to speed an investigation into Nazi gold the country acquired during World War II.

The governor of the Bank of Portugal, Antonio de Sousa, said Thursday night that the commission would include members of Portugal's Jewish community and that it would assist an economic historian already at work investigating gold purchases by Portugal during and shortly before the war.

"Nobody is more interested than we are that the information be available as soon as possible," Mr. de Sousa said.

He said that the bank would publish figures on its wartime gold movements by the end of April and that that would be followed up by a preliminary written report in early October explaining the movements.

While international attention has focused on the role of Switzerland as a haven and channel for Nazi funds, Portugal has also come under the spotlight after documents recently made public in the United States showed that it received significant quantities of gold.

The suspicion is that the gold came from the looted reserves of the Belgian and Dutch central banks after their countries were overrun by German forces at

the start of the war. There is also the question of what happened to wealth stolen from concentration camp victims and melted down by the Nazi regime.

The central bank announced in December that it had asked an economic historian, Joaquim Costa Leite, to draw up a report on the bank's dealings during the war years. But it set no deadline for the study and said it would have to stick rigidly to tight bank secrecy laws.

The move was criticized as being too little and too slow, particularly by the Nazi-hunting Simon Wiesenthal Center, which pressed the bank to throw open its archives to more investigators. (Reuters, AP)

NATO Beefs Up Patrols in Mostar in Reply to Attack

Reuters

SARAJEVO, Bosnia-Herzegovina — Five Spanish NATO peacekeepers escaped injury when their armored vehicle was hit by an anti-tank rocket in a Croat sector of Mostar overnight, a NATO spokesman said Friday.

"It is a blatant challenge to us," said Major Tony White of the NATO-led Stabilization Force. "We will take whatever action is necessary to remove a potential threat."

He added that NATO "responded to the attack by deploying a quick-reaction force to the scene, and our presence in the area has been substantially increased, with increased patrols."

The response team failed to find the attackers but recovered two used rocket-launcher canisters near the spot where

the vehicle was hit. Mostar was a scene of bitter Muslim-Croat fighting in 1993 that left the city divided into hostile sectors.

The United Nations said Friday that Muslims in the northern Bosnian Serb town of Teslic and in the Croat sector of Mostar were being pressured to leave through a campaign of harassment and verbal intimidation.

"We had seven to eight cases of intimidation in Teslic in the past two weeks, which involve harassment and burning of haystacks," said a UN spokesman, Alex Ivanko.

Most of Teslic's Muslim and Croat residents were expelled during the course of the 43-month war.

Mr. Ivanko said the UN in Teslic learned Thursday about the kidnapping

of a Muslim man by two uniformed Serbs.

The UN international police tracked the man down in Serbian police custody, where he had been charged with "shouting Muslim propaganda while being drunk."

"We believe that this is absolutely unacceptable — that the minorities are once again being pressured to leave the Teslic area," Mr. Ivanko said.

In Mostar, a Muslim woman complained to UN police that she was receiving threatening phone calls pressuring her to leave her apartment in the Croatian part of town. She was expelled from her apartment Feb. 10 but returned six days later with the help of international organizations.

Fighting in Bosnia ended with a U.S.-

brokered peace agreement in December 1995, but Serb and Croat nationalists have since continued the policy of creating ethnically segregated areas, uprooting hundreds of people.

The UN estimates that about 250,000 people have returned to their homes, but mainly to areas where they form a majority.

Minority returns have not been significant. Kris Janowski, spokesman for the UN High Commissioner for Refugees, said living conditions for non-Serbs in the Bosnian Serb part of the country were very difficult.

"We had a wave of expulsions from Teslic and Banja Luka last summer, when about 100 people were expelled from Teslic alone," he said.

Kohl Seeks Deal Over Tax Reforms

BONN — Chancellor Helmut Kohl will meet with the opposition leader, Oskar Lafontaine, on Monday for talks that could make or break coalition tax reforms aimed at heading record unemployment and redefining Germany for European economic and monetary union.

Shaken by January's half-million surge in unemployment to 4.7 million — the highest since 1933 — both sides say they are ready to end a standoff and search for a quick deal to avert long and bitter wrangling in Parliament.

But, with a general election looming in 1998, it remains unclear how far the Social Democrat leader, Mr. Lafontaine, will go to meet Finance Minister Theo Waigel's goal of cutting 30 billion Deutsche marks (\$17.8 billion) in taxes. Although no breakthroughs are expected at Monday's talks, compromises should be easy to reach on a bottom rate for income tax and on cutting corporate taxes. (Reuters)

Danish Politician Quits Leadership

COPENHAGEN — Hans Engell, the leader of the Conservative Party and widely seen as a candidate for prime minister, resigned Friday after admitting to driving while intoxicated.

Mr. Engell, 48, was driving home from a dinner party early Thursday when he crashed on a highway north of Copenhagen. The police said they found his blood-alcohol level to be 0.137 percent, the legal limit in Denmark is 0.08 percent.

No criminal charges will be filed against Mr. Engell, who retains his seat in Parliament and his parliamentary immunity. (AP)

Turkey to Deport 70,000 Bulgarians

ANKARA — Turkey is planning to deport tens of thousands of Bulgarians whose visas have expired, an Interior Ministry official said Friday.

The official said the directive concerned about 70,000 Bulgarians, but a security official directly involved in the directive refused to give any figure.

The official said Turkey had agreed to give citizenship to ethnic Turks from Bulgaria in 1989. This lasted until 1993. The large number of arrivals after that date made it impossible to ignore the breaching of that rule, he said. (Reuters)

TRAVEL UPDATE

Paris Trains Install New Security Devices

PARIS (Reuters) — Two months after four people died in a Paris train bombing underground, French transport officials announced steps Friday to guard against further attacks on commuters.

Officials said they had begun to install devices on all RER commuter express trains in the Paris area to prevent people from slipping under the seats any bags or packages that might contain bombs.

Since 1995, three commuter trains have been hit by bombings attributed to Algerian Muslim extremists.

Stewards of Lebanon's national carrier, Middle East Airlines, will hold a 24-hour strike Sunday over pay demands, their union said Friday. (Reuters)

The Budapest Metro, opened in 1896, plans to add a new subway line in 2003 linking the city's eastern Pest side with Buda to the west. (AFP)

Correction

The home state of the U.S. Senate majority leader, Trent Lott, was misidentified in an article Feb. 13. He is from Mississippi.

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NICE: Holy Trinity Anglican, 11 rue Bala, Sun 11, 10:30 a.m. Tel.: 93 87 19 83			
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ZURICH-SWITZERLAND			
ENGLISH-SPEAKING CATHOLIC MISSION: St. Anton Church, Minervastrasse 63. Sunday Mass: 8:30 a.m. & 11:30 a.m. Services held in the crypt of St. Anton Church.			
THE EPISCOPAL CHURCHES OF EUROPE (Anglican)			
PARIS and SUBURBS			
THE AMERICAN CATHOLIC OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evening, 23, avenue George V, Paris 75008. Tel.: 33-01 53 23 84 00. Metro: George V or Alma Marceau.			
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CHURCH OF CHRIST THE KING (Evangelical/Anglican). Sun. Holy Communion 8 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Platz 22, 60323 Frankfurt, Germany. U1, 2, 3. Metro: Hauptbahnhof. Tel.: 4122 730 80.			
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EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist 2nd & 4th Sun. 8:30 a.m. Holy Eucharist 1st & 3rd Sun. 10:30 a.m. Church School for children & Nursery care provided. 1 p.m. Spanish Eucharist. Via Napoli 58, 12014 Rome. Tel.: 396 488 3339 or 396 474 3339.			
MUNICH			
THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School. Nursery Care provided. Seyboldstrasse 4, 81545 Munich (Hauptbahnhof). Tel.: 4989 64 81 85.			
ROME			
ST. PAUL'S WITHIN THE WALLS, Sun. 8:30 a.m. Holy Eucharist 1st & 3rd Sun. 10:30 a.m. Holy Eucharist 2nd & 4th Sun. 10:30 a.m. Church School for children & Nursery care provided. 1 p.m. Spanish Eucharist. Via Napoli 58, 12014 Rome. Tel.: 396 488 3339 or 396 474 3339.			
BRUSSELS/WATERLOO			
ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays 11:15 a.m. Holy Eucharist and Sunday School. 563 Chaussee de Louvain, Orlain, Belgium. Tel.: 32-2 384 00 00.			
WATERLOO			
WATERLOO BAPTIST FELLOWSHIP: Sun. 10:30 a.m. Swedish Church, across from McDonald's. Tel.: 003 533 1285.			
ZURICH - SWITZERLAND			
L.B.C. of Zurich, Ghesstrasse 31, 8003 Roschillon, Workshop Services Sunday mornings 10:30. Tel.: 4-610015.			
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AMERICAN CHURCH IN BERLIN, co. of City Ales & Foundation, S.S. 520 a.m., Workshop 11 a.m. Tel.: 030-613221.			
FRANKFURT			
TRINITY LUTHERAN CHURCH, Nikolausstrasse 54, Sun. Workshop 11 a.m. Tel.: 0049 69 551080-510252.			
GENEVA			
EV. LUTHERAN CHURCH 20 rue Verdane, Sunday worship 9:30, in German 11:00 in English. Tel.: (022) 310.50.89.			
JERUSALEM			
LUTHERAN CHURCH of the Redeemer, Old City, Mutasim Rd. English worship Sun. 9 a.m. All are welcome. Tel.: (02) 6291-045.			
PARIS			
AMERICAN CHURCH IN PARIS, 7, rue de la Harpe, 75004 Paris, Tel.: 01 47 33 33 33.			
VIENNA			
VIENNA COMMUNITY CHURCH, Sunday worship in English 11:30 a.m. Sunday School, nursery, international, all denominations welcome. Dorotheergasse 16, Vienna 1.			
ZURICH			
INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sunday 11:30 a.m., Schanengasse 25, Tel.: (01) 555555.			
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UNITARIAN UNIVERSALIST FELLOWSHIP OF PARIS invites you to our Sunday Feb. 2nd service led by Rev. H.B. St. Marks Unitarian, Edinburgh, 12 noon. Foyer de l'Arche, 70, rue du Pasteur Wagner, 118. M° Bastille. Religious education for juveniles, child care, Meditation and spiritual growth groups. Service: Tel.: 01 30 82 75 31.			
UNITARIAN UNIVERSALIST			
L.B.C. 13 rue Verrier, English service, Sunday evening 10:30, pastor Roy Miller. Tel.: (04) 93 32 05 95.			
PRAGUE			
L.B. FELLOWSHIP, Vlnohradská 66, Prague 3, Sun. 11:00. Tel.: (02) 311 7974.			

Eurotunnel Is Said to Reject Safety Advice

The Associated Press

PARIS — The Channel Tunnel could resume truck transport by April, but the operators may compromise on fire safety measures to cut costs, according to a confidential report cited in a newspaper Friday.

Eurotunnel rejected the suggestion of safety specialists to put trucks in fire-

proofed cars instead of open ones, the French daily Le Figaro reported. The decision was contained in a document submitted to the Channel Tunnel safety authorities this week, the newspaper said. Eurotunnel refused to comment.

Eight people were treated for smoke inhalation after a fire broke out in one of the freight cars Nov. 19.

WEATHER

Europe			
High	Low	High	Low
°C	°F	°C	°F
Algeria	18/12	18/12	10/10
Amsterdam	12/8	12/8	5/3
Antwerp	12/8	12/8	5/3
Athens	19/13	19/13	6/4
Berlin	14/7	14/7	7/4
Birmingham	14/7	14/7	7/4
Bombay	29/19	29/19	84/66
Boston	14/7	14/7	7/4
Buenos Aires	24/14	24/14	75/57
Calcutta	29/19		

Fears About a Sex Criminal Turn to Reality in Florida

By Mireya Navarro
New York Times Service

TAMPA, Florida — Some of his neighbors said they almost believed Lawrence Singleton when he claimed to have been framed for the rape and mutilation of a California teenager nearly two decades ago, a crime that made him a figure of nationwide infamy. Others, who have known him from childhood, maintained that whether he had been framed or not, people could always change.

So when Mr. Singleton made his way back here to his hometown in 1988 after his release from a California prison and settled last year in his old neighborhood, he was eventually accepted, although some mothers watched their children more closely and some husbands kept closer track of their wives.

"We were scared of him at first," said his next-door neighbor, Tom Bennett. "But every day he'd talk to you, he'd cook steaks and bring them to you. He fixed up his property really good. He was the neigh-

bor you dream of. I started to believe him. Maybe he was framed."

But Mr. Singleton, 69, was arrested Wednesday night and charged with first-degree murder in the stabbing of a prostitute inside his renovated single-story wooden home, the house that had made his neighborhood proud.

Now Mr. Bennett, like others on Mr. Singleton's street in this working-class neighborhood, is saying that the California authorities should never have released him.

Mr. Singleton was convicted in 1979 of raping a 15-year-old hitchhiker near Modesto, California, using an ax to chop off her forearms and leaving her to die at the side of a road. The girl, Mary Vincent, survived, and testified at his trial.

Sentenced to 14 years and four months in prison, then the maximum punishment, Mr. Singleton was freed on parole after eight years because of good behavior and his participation in a work-study program. That was in 1987, and the national notoriety he had acquired resurfaced

as one California community after another protested parole officials' efforts to relocate him there.

Mr. Singleton was finally forced to live in a mobile home on the grounds of San Quentin prison until the end of his parole, in 1988, when he returned to this western Florida city.

His arrest here came barely three weeks after neighbors pulled Mr. Singleton from his van as he attempted suicide by breathing the van's exhaust through a dryer hose he had attached to the tailpipe. He then spent about a week in psychiatric custody.

"He told me he was feeling sorry for himself," Mr. Bennett said, adding that Mr. Singleton had offered nothing more by way of explanation.

Hillsborough County sheriff's officials reported that a man who had done some renovation work for Mr. Singleton had dropped by his house and heard a commotion inside. Peering in, the officials said, the man saw a naked Mr. Singleton in the living room, choking and punching a nude woman as she cried for help.

A deputy who responded to the renovator's 911 call said Mr. Singleton had blood on his shirt when he answered his door. The woman was dead.

The victim was identified as Roxanne Hayes, 31, a Tampa resident and mother of three children. She had a record of 99 arrests since 1986, more than a third of them for prostitution but some on charges of grand theft and cocaine possession.

That the dream neighbor had seemingly turned into a nightmare comes as no surprise to the California prosecutor who sent Mr. Singleton to prison for attempted murder, kidnapping, rape, sodomy, oral copulation, aggravated mayhem and the use of an ax to cause great bodily harm.

"I'm not going to say he's Hannibal Lecter, but once a guy like that has a certain bent he follows it the rest of his life," said Donald Stahl, who retired last year as the Stanislaus County district attorney. "This guy has a personality that's bent in the direction of going after women."

The case that Mr. Stahl prosecuted

helped galvanize the movement for tougher sentences in many states. In California, the legislature has increased the mandatory terms for most violent crimes, and as a result Mr. Singleton would now face a life sentence for the kind of attack he was convicted of, said a Department of Corrections official.

Some criminologists who specialize in sex crimes caution that Mr. Singleton is in ways an anomaly. They maintain that sex offenders are very much in need of treatment, not harsher punishment, and say only a small minority commit murder.

The Tampa murder sent shudders through the string of Northern California towns that, one by one, fought to keep Mr. Singleton out after his release on parole 10 years ago.

The killing "could have happened here," said Dale Vasey of Rodeo, a town about 20 miles (30 kilometers) northeast of San Francisco where protests once kept Mr. Singleton away. "It just goes to show it's a good thing they did run him out of town."

A 'Free Ride' for Republicans?

WASHINGTON — When President Bill Clinton announced last month that the Democratic National Committee would no longer accept contributions from American subsidiaries of foreign companies, he bristled at the Republicans' reluctance to join in that pledge.

"They raise more foreign money," Mr. Clinton said, somewhat bitterly. "They raise more money in big contributions. And we take all the heat. It's a free ride."

At least with respect to his "foreign money" arithmetic, the president was right. Analysis of the latest data filed by the parties with the Federal Election Commission shows that in the 1995-96 cycle, the Republicans' national committee and their Senate and House campaign committees raised a total of \$4.4 million — compared with \$4 million raised by the counterpart Democratic committees — from foreign companies' U.S. subsidiaries, like Joseph E. Seagram & Sons Inc., Sony Corp. of America, Toyota Motor Sales USA and Nestle USA Inc.

But the Democrats have had to return far more donations than the Republicans, because some of them were suspected of having come not from foreign companies' U.S. subsidiaries or from foreign nationals living legally in the United States — which are allowed by campaign law — but directly from foreign contributors — which are not.

The Democrats returned a total of \$1.6 million in such money, \$949,300 of which was contributed in the 1995-96 cycle, the rest in the previous cycle. The Republicans, on the other hand, have had to return only a single, \$15,000 check, from a Canadian ethanol company. (NYT)

White House Adds to Its Payroll

WASHINGTON — Faced with a barrage of questions and embarrassing revelations about political fund-raising, the White House has said that it will end the practice under which some of its employees are paid by the Democratic National Committee.

"Frankly, it's not worth the hassle," the White House press secretary, Michael McCurry, said Thursday in explaining the change.

Mr. McCurry said the White House chief of staff, Erskine Bowles, had decided to shift the aides to the White House payroll after President Clinton ordered a review of the practice.

Mr. McCurry said he thought that four White House aides were now on the Democrats' payroll, and that about 20 altogether had fallen into that category since Mr. Clinton took office in 1993.

Mr. McCurry produced legal memorandums sent to the White House by the Justice Department in 1982 and in 1987, when Ronald Reagan was president, declaring that it was legal for the White House to employ aides whose salaries were paid by political committees.

The problem faced by the Clinton White House was not one of legality but of appearance. (NYT)

Quote/Unquote

William D. Rollnick, a retired executive from South Florida, describing a fund-raising coffee at the White House with President Clinton: "He is a great listener. You feel like, wow, he may not use anything with my opinion, but at least he is writing it down." (LAT)

No Retrial for King's Killer

But Court Agrees to Ask for New Tests on Bullet

By B. Drummond Ayres Jr.
New York Times Service

MEMPHIS, Tennessee — James Earl Ray's lawyers have returned to court with their eighth request that he be given a new trial in the murder of Martin Luther King Jr. — this time with a new ally, Mr. King's widow, Coretta Scott King.

They were not granted their plea Thursday either, despite a warning that time was running out for Mr. Ray, who is critically ill with a liver ailment. But the judge did agree to ask an appeals court to rule on whether new tests should be conducted on the bullet that killed Mr. King to determine whether it was fired from a recovered rifle that bore Mr. Ray's fingerprints.

Judge Joseph Brown of Shelby County Criminal Court said that in his judgment, the new tests, involving new technology, were "theoretically capable" of shedding new light and reopening the case.

Mrs. King, speaking after years of silence about Mr. Ray's legal maneuvering, took the stand Thursday morning, and acknowledging the incongruity of her appearance on his behalf, said, "We call for the trial that never happened."

Then, her voice urgent and cracking with emotion, she warned that "the tragedy would be compounded" should Mr. Ray go to his grave without being pressed one final

time in court to tell all he knows about what happened just down the street at the Lorraine Motel on April 4, 1968.

In the name of justice, brotherhood and closure, she went on, Mr. Ray's request for a trial should be granted so that "the nation will know that justice has run its course in one of the most important crimes in American history."

In any event, she argued, a trial would be a psychic purgative for the nation, an opportunity not only to seek answers to a 29-year-old crime puzzle but also to explore the nature of the racism that led to that crime.

Mrs. King said her family had tried for years to steer clear of Mr. Ray's appeals, especially after he recanted his confession. Afterward, he pleaded guilty and was sentenced to 99 years without a full trial.

But Mrs. King said that now, with Mr. Ray near death and many questions about her husband's assassination still unanswered, the King family decided to join in the effort to have a full trial scheduled.

As the court session ended, Judge Brown told Mr. Ray's lawyers and the Kings that he could not order a new trial because the hearing Thursday technically concerned only whether new tests should be ordered on the bullet that felled Mr. King.

When Mr. Ray recanted his confession, he insisted tests of the bullet would prove it did not come from any gun ever in his hands.

U.S. Says Rudder Fault Makes 737s Riskier Than Other Jets

By Matthew L. Wald
New York Times Service

WASHINGTON — The Boeing 737, the most popular airliner in history, is less safe than other airliners because of the failure of a single valve, the one that controls the rudder, can cause it to crash, according to the National Transportation Safety Board.

But the board stopped short of grounding the planes, or declaring them unsafe. Investigators have noted that failure of the valve is rare, and recent changes in operating procedures by the airlines could compensate for the problem.

Boeing Co. and the Federal Aviation Administration promptly disagreed that the plane was less worthy than others. A Boeing spokeswoman called it "absolutely" safe, and the aviation agency has called the 737's safety record "very good" compared with other airlines.

Only last month, in a decision announced by Vice President Al Gore, the agency said it planned to propose replacing the valves. That proposal has not officially been made, however, because Boeing is still designing the replacement valves.

In the meantime the airlines, under orders from the agency, have been making changes in their emergency manuals and instructing their pilots about how to react to the valve problem should it occur.

Although the safety board did not say so explicitly, its conclusions about the rudder valve, contained in a 10-page

letter to the aviation agency, makes it clear that it believes it has solved the mystery of two 737 crashes: in Pittsburgh in 1994 and in Colorado Springs in 1991; a total of 155 people were killed.

Safety investigators have long suspected that unusual rudder malfunctions were responsible for the crashes.

The board's letter also said that if Boeing were applying today for permission to sell the plane, the request would not be approved because the 737 is in violation of a fundamental design criterion: that no single failure be capable of causing a crash unless the failure is "extremely improbable."

The safety board said the valve could jam and then reverse, causing the rudder to move in the opposite direction commanded by the pilot. As a result, pilots react in a way that exacerbates the problem, rather than corrects it.

These failures "can no longer be considered an extremely remote event, and thus raise serious questions about the validity of the certification of the existing B-737," the safety board said.

Asked whether 737s were safe and whether he would fly on one, Ted Lopatkevich, a board spokesman, said his statement would have to speak for itself. He also said his five

members had approved the report and decided not to issue further statements.

The safety board does not regulate, only recommend. But it is extremely influential.

The Federal Aviation Administration, which is in charge of safety but is also supposed to balance new rules against additional costs, said it believed the chance of a jam and reversal was, in fact, extremely remote, and that the steps it was taking would compensate for the mechanical problem presented by the rudder valves.

Thomas McSweeney, the agency's director of aircraft certification, said: "We believe the rudder system is commensurate with that level of safety on every other airplane out there."

An intensive study of the 737 by the aviation agency in May 1995 counted 55 accidents in which 737s were destroyed since the plane first began flying in 1967. Given the 737's popularity, the report said, the rate of crashes was "one of the best safety records in the fleet of transport-category airplanes."

The safety board's letter was "unusually sharp in its wording, however, asserting that the 737's rudder system 'does not provide the same level of safety as on similar transport-category airplanes.'"

Away From Politics

• NBC television will devote three and a half hours during a crucial ratings period to present "Schindler's List" without commercials, made possible by a decision of Ford Motor Co. to become the exclusive sponsor of the black-and-white film about the Holocaust. (NYT)

• The space shuttle Discovery touched down at Kennedy Space Center in Florida, ending a 10-day mission to refurbish the Hubble space telescope. (Reuters)

• The U.S. Air Force's first female bomber

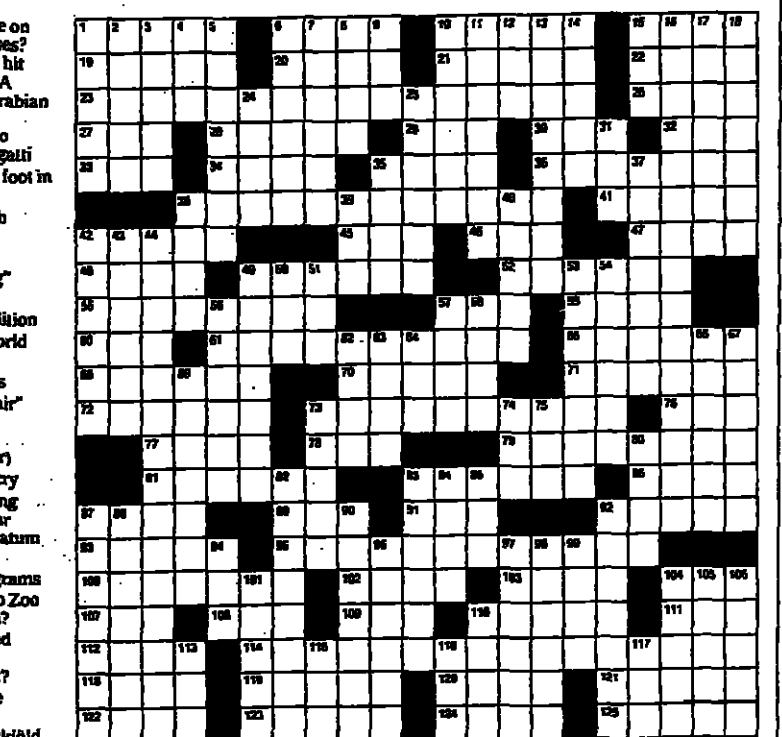
pilot faces a dishonorable discharge on adultery charges. First Lieutenant Kelly Flinn faces a court-martial hearing, said Minot Air Force Base in North Dakota. (AP)

• The Adelphi University president, Peter Diamandopoulos, attacked for getting \$837,000 in salary and benefits in 1995, was fired by the new trustees of the private New York school. (AP)

• Authorities locked down the largest New Mexico prison, in Santa Fe, and found a 30-foot (9-meter) tunnel in the basement after informants reported that inmates planned to riot and "stab as many people as possible." (AP)

SOUND EFFECTS, By Nancy Nicholson Joline

- ACROSS
- 1 Erect
 - 6 "Casablanca" role
 - 10 Legend, e.g.
 - 15 Winston Churchill's "Country"
 - 19 ————vinct amor
 - 20 Distress
 - 21 Signals are used to switch them
 - 22 Lender of philosophical skepticism
 - 23 What a tipsy actor does?
 - 26 Priests' vestments
 - 27 Sets for med. dramas
 - 28 "Video Companion" author
 - 29 Pool
 - 30 Reine's spouse
 - 32 Year in Chekhov's reign
 - 33 Wallace of "E.T."
- DOWN
- 1 Enticed, with "it"
 - 2 Dean Martin topic
 - 3 Taken
 - 4 ————Roger de Coverley (country dance)
 - 5 Abated
 - 6 Flip
 - 7 Emulated
 - 8 Groucho Marx
 - 9 Mild combatant
 - 10 Holly Hunter in "The Piano"
 - 11 Reassess
 - 12 Like 20-Across, often
 - 13 It may drip
 - 14 Broadway hit subtitled "A Musical Arabian Night"
 - 15 What a sweet tooth demands?
 - 16 Words with hole or two
 - 17 Commercial thoroughfare
 - 18 "Gunsmoke" bartender
 - 19 Nuts
 - 20 "On Broadway" co-writer
 - 21 Cynthia
 - 22 Social climber's goal
 - 23 Loose overcoat
 - 24 Like the Archbishop of York
 - 25 Code word
 - 26 Plenty
 - 27 Yip's alternative
 - 28 Aisel
 - 29 Some are holy
 - 30 Access



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Rebels Slow Offensive In Zaire as Talks Stall

Guerrilla Leader Insists Mobutu Meet Him

Compiled by Our Staff from Dispatches

CAPE TOWN—South African and American officials pursued a diplomatic effort Friday to end Zaire's civil war as rebels in the east of the country said they were scaling down their offensive in light of negotiations.

The Zairian government and rebel representatives did not meet, however, and sources close to the negotiations said progress was slow.

"Things are happening, but if anybody is going to say anything it should be the Zairians, and I don't think that will be before very early next week," one African source said.

The rebel leader, Laurent Kabila, who was to attend the talks, sent a negotiator instead. A spokesman for Mr. Kabila said the guerrilla leader was ready for talks in this South African port city, but only if the Zairian government team was mandated to cut a deal with the rebels.

This latest peace initiative, which was continuing under a news blackout, is part of a concerted African, American and European bid to end fighting that has plunged Zaire—now the Democratic Republic of the Congo—into chaos, scattered hundreds of thousands of refugees and threatened to destabilize several of the nine states on its borders.

The talks marked the first contact between the rebels and the Zairian authorities since the mainly Tutsi rebels, who claim to control about 20 percent of the country, began their insurgency last October.

Deo Bugera, a spokesman for Mr. Kabila, said in the rebel-held town of

Goma that Mr. Kabila was "very much in favor of negotiation, but not with people who are not mandated to make a decision."

He said Mr. Kabila had refused to go to Cape Town because Marshall Mobutu sent an envoy instead of showing up himself. Mr. Kabila left on the possibility of making the trip, perhaps over the weekend.

Mr. Kabila's absence appeared to take some of the steam out of the effort. A South African Foreign Ministry official characterized the initial meetings Thursday as "talks about talks," while another official, Rusty Evans, the foreign affairs director, said, "What's important here is that there should be this first step."

Still, the presence of N'Ganda Nzambo-ko-Atumba on the Zairian government side, who is Marshal Mobutu's nephew and security adviser, signaled a turnaround in Kinshasa's persistent rejection of negotiations with the rebel movement, which Marshal Mobutu's government has accused of being backed by Rwanda, Burundi and Uganda.

The rebel war broke out in October when members of the Zairian Tutsi ethnic group, aided by Rwanda's Tutsi-dominated military, responded to government threats of expulsion by taking up arms and seizing several eastern border towns.

After retreating in the first weeks of the war, Marshal Mobutu's forces now reportedly are being trained by hundreds of European mercenaries.

Diplomats and aid workers have said the rebels are fighting with the help of



An 8-year-old Hutu refugee from Rwanda who is suffering from malnutrition at the Tingi Tingi camp in Zaire. The camp is caught between mainly Tutsi rebels and forces of the Zairian government.

Rwandan and Ugandan soldiers, which Rwanda and Uganda deny.

The confusion over peace efforts for Zaire appeared rooted in a split in Marshal Mobutu's government over whether to negotiate or fight, and an unwillingness on both sides to be seen as softening on previous conditions for negotiations.

Mr. Bugera on Friday ruled out an imminent rebel attack on the major town of Kisangani, the easternmost base of Zairian troops and a hub for relief activities for several hundred thousand Rwandan refugees.

"We have been relegated to second position and negotiations are now the priority," he said.

When news broke in Kisangani that the town was not targeted for imminent attack, the reaction was one of cautious welcome.

"Of course we're happy," a trader said. "Talks are necessary. But will our government eventually agree to

negotiate? That seems unlikely. And then Kisangani will become a target for the rebels again."

Tens of thousands of people have fled Kisangani over the past few weeks, many by boat on the Zaire River.

"Kabila can come here, we don't care, but we don't want blood spilled," said one resident. "We're fed up with shortages and the soldiers."

Marshal Mobutu, meantime, was due back Friday in southern France. French officials said his private plane was expected to stay in southern France for four days.

It was not clear whether he planned to use the opportunity to consult other African leaders as he has done during previous visits to France.

Marshal Mobutu, who underwent surgery for prostate cancer in Switzerland in August and convalesced at his French residence, spent three weeks in France last month for medical tests.

Hostilities Escalate At Thai-Burmese Border

BANGKOK—Thai and Burmese troops have exchanged artillery fire along the border, escalating tensions as Burma wages a major offensive against ethnic Karen rebels.

The Karen National Union said Burmese troops were using attack helicopters to support their rapid advance into Karen strongholds in an effort to crush Burma's oldest rebellion.

Thai officials, speaking on condition of anonymity, said hundreds of Burmese soldiers exchanged gunfire with Thai police and shelled them Thursday when they met along the border.

India Will Test Missile

NEW DELHI—India will test a missile Sunday that has set off a war of words with the United States, defense officials said Friday.

They said the surface-to-surface Prithvi missile would be launched from a test range in the eastern state of Orissa into the Bay of Bengal. The Prithvi, which has yet to become fully operational, has been tested 15 times since 1982.

Washington has urged India not to deploy the Prithvi, saying its production could start an arms race in southern Asia. Pakistan, with which India has fought three wars, has also voiced fears over the missile.

Suharto Visits Rangoon

BANGKOK—President Suharto of Indonesia, one of the strongest international supporters of Burma's military government, was greeted by a 21-gun salute in Rangoon on Friday morning for his first trip to Burma since 1974.

General Than Shwe, the president and

prime minister, and top military leaders met Mr. Suharto and his entourage at the airport.

While many Western governments have shunned Burma's military regime because of its dismal human rights record and suppression of a democracy movement led by Daw Aung San Suu Kyi, Mr. Suharto has supported the integration of Burma into the international community.

Manila Revamps Defense

MANILA—The Philippines will spend about \$2 billion over the next five years to modernize its defense forces with more fighter planes and patrol ships. Defense Secretary Renato de Villa said.

The five-year weapons acquisition plan is the first phase of a 15-year program during which the country will spend up to \$12 billion, General de Villa said Thursday.

"We are initially looking at buying 36 planes, but in the first phase we will go for 18," General de Villa said. "For the navy, we want a small fleet consisting of patrol craft and offshore patrol vessels."

New Party in Algeria

PARIS—A close ally of President Liamine Zerrouk of Algeria announced Friday the creation of a political party, before the elections planned this year that the authorities have described as a way to end the violence that has claimed the lives of about 60,000 people.

Abdelkader Bensalah, president of the unelected Parliament, said the new party, the National Democratic Rally, was a message of hope and peace and would be open to all. Its formation follows the murder last month of a powerful trade union boss, Abdelhak Benhamouda, who had planned to step down and form a party expected to back Mr. Zerrouk.

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EDITORIALS/OPINION

Herald Tribune

Korean Relations

It is worrisome when American diplomats complain that dealing with South Korea, a traditional ally, has grown more frustrating than dealing with North Korea, a dangerous and unpredictable foe. Such complaints are not meant literally. But only North Korea can profit from the tensions Seoul has recently been introducing into its relations with the United States. Secretary of State Madeleine Albright's visit to South Korea this weekend provides a timely opportunity to set matters straight.

It now looks as if Seoul's on-again, off-again cooperation with Washington will survive the latest crisis in the peninsula, which was set off by the defection of a high-level North Korean official to the South Korean Embassy in Beijing. With North Korea apparently heeding Chinese advice to tone down its threatening rhetoric over this humiliating incident, the South has decided to continue its recently resumed participation in American-sponsored nuclear conversion and famine relief efforts. On Thursday, Seoul promised a new installment of food aid through the United Nations.

But South Korean officials have seized upon the incident to question, yet again, the premise that the safest way to deal with North Korea is to encourage a modicum of stability and greater interchange between the North and the outside world. Instead, some southern policymakers seem to prefer pushing the wobbly northern regime toward total breakdown, a course filled with danger. A sudden collapse of North Korea could be accompanied by a huge outpouring of desperate refugees and military adventurism, including possible attacks against the 37,000 Am-

erican troops based in South Korea.

To guard against such an eventuality, Washington has designed a prudent policy that combines military preparedness with efforts to reach out to the North diplomatically and economically. Those efforts include a program designed to replace the North's current nuclear power reactors, whose byproducts can potentially be diverted to bomb-making, with a safer design, along with offers of famine relief and efforts to negotiate a formal peace treaty ending the Korean War.

Unfortunately, South Korea, which claims to support Washington's approach, has often thwarted its application. Seoul has repeatedly suspended its participation in the nuclear, anti-famine and diplomatic efforts to protest northern actions it characterizes as intolerable provocations. Washington suspects that the South has been deliberately inflaming North-South relations for domestic political ends, fanning manageable incidents into major crises to distract attention from the financial scandals and political problems afflicting the Seoul government.

Mrs. Albright arrives in Seoul on Saturday at a time when increasing signs of instability in the North make it vital and urgent for the United States and South Korea to coordinate their policies closely. In previous steps of this, her first foreign journey as secretary of state, she has been admirably straightforward about raising sensitive diplomatic issues. She should make clear to her South Korean hosts that Washington now expects them to keep domestic political concerns from disrupting the only realistic approach to the northern danger.

—THE NEW YORK TIMES

Clinton's Intervention

Thanks to President Bill Clinton's intervention, American Airlines pilots are not on strike but rather have returned to a revised form of negotiation. Mr. Clinton invoked the Railway Labor Act in an airline-related matter for the first time since 1966, blocking the strike and establishing a federal mediation panel, which will recommend a settlement within 30 days.

If they don't like the proposal, the pilots could walk out 30 days after that, although Congress could then vote to ban a strike and impose a settlement.

Anyone whose travel plans were salvaged by the last-minute White House intervention is no doubt grateful. So, too, are many American Airlines non-pilot employees who would have been idled by a pilots' strike and other workers whose lives would have been disrupted as a strike cut into tourism and business travel. One in five U.S. airline passengers flies American Airlines.

Politically, then, Mr. Clinton presumably didn't find intervention a tough call. The 9,300-member Allied Pilots Association doesn't even belong to the AFL-CIO, so the president did not have to worry about offending that constituency. American Airlines, on

the other hand, as reported in The Wall Street Journal, mustered some pretty high-powered lobbyists—Tom Foley, the former House speaker; former members of the Clinton transition team, and so on—to urge Mr. Clinton to act.

On the merits, the case isn't quite so clear. Mr. Clinton said he had to act because a strike would have been disruptive on the eve of a three-day weekend. But intervention brings costs of its own. Union officials believe the company stopped negotiating in good faith on Wednesday, counting on White House intervention; the company denies that.

Either way, the expectation of presidential intervention will be a factor in future negotiations—and almost every U.S. airline has at least one negotiation coming up this year. Will each now become the object of political pressure and lobbying? White House officials said they were aware of the danger; no one should take this intervention as a precedent, they said. But declaring that something isn't a precedent is never quite as effective as not setting the precedent in the first place.

—THE WASHINGTON POST

Puerile Politicians

"It's very high school," says Representative Michael Forbes of New York, describing the petty humiliations heaped on him by some powerful and supposedly grown-up Republican colleagues in the six weeks since he became the first Republican to say he would not vote for Newt Gingrich as House speaker. That is unfair to high school students. The snubs aimed at Mr. Forbes have more the flavor of a kindergarten's tantrum.

Mr. Forbes, until recently a self-described "loyal lieutenant" of Mr. Gingrich, broke ranks after the speaker admitted providing inaccurate information to the House ethics committee investigating his misuse of tax-exempt funds for political activities. To Mr. Forbes, that was enough to disqualify Mr. Gingrich for the job third in line to the presidency.

A majority of Americans agreed with Mr. Forbes. Yet some of his colleagues—mostly "leadership" and wannabe leadership types—"he says—continue to shun him. His tormentors include his fellow New York Republicans Susan Molinari and her husband, Bill Paxon. He notes that every time they see him coming, they move from one side of the hallway to the other while taking a sudden interest in the ceiling.

Even in a crowded meeting room,

the seats next to Mr. Forbes often go unoccupied.

Mr. Forbes's willingness to talk openly about the ostracism will not improve his popularity within his party. But such candor is a refreshing departure from lockstep thinking. So is his stand on the speaker, which has big-time Republican lawmakers acting like pint-size playgrounders.

—THE NEW YORK TIMES

Other Comment

Mexico and Drugs

General Jesus Gutierrez Rebollo's arrest on suspicion of taking bribes to protect the so-called Ciudad Juarez drug cartel comes at a particularly delicate time. On March 1, President Bill Clinton will send Congress his annual report certifying other nations' cooperation with the United States in controlling the drug trade. Political forces on the far right and left can be expected to demand that Mr. Clinton decertify Mexico, making it subject to economic penalties. But the White House should emphasize, now more than ever, the value of co-operation in redefining a binational policy to combat the drug menace.

—Los Angeles Times

NATO Enlargement Would Backfire on the West

By Mikhail Gorbachev

MOSCOW — Of NATO we must speak again. Even if it isn't clear from the current debate, the alliance's expansion could bring us all to a no-win situation.

What is clear is that no one has reflected sufficiently or responsibly on the consequences of this plan.

In Russia, NATO expansion has become an acute internal problem. Raising the specter of an external threat is an old trick, often used by leaders to consolidate nationalistic feelings and to assure themselves a more or less trouble-free stay in power. But leave aside the cynical motives of those who would use NATO expansion for their own ends; the idea itself is a real danger—and not only for Russia.

During the Cold War, arms manufacturers and merchants of hate decided the destiny of the world. Immense efforts were required to break a fatal logic that was dragging humanity toward suicide.

Seven years have passed since the end of the Cold War, but its poisonous roots live on, infecting economies, international relations, nations' internal politics and the moral and psychological health of millions of people.

And yet, the leaders of countries that are even more civilized, cultured and democratic than their predecessors of

50 years ago are creating a situation in which human survival could again be threatened.

Security motives are used to explain the expansion of NATO. But security in which areas? Certainly the world has many problems—ecological, demographic, economic, among others—but these are not solved by military blocs. These are global emergencies, affecting everyone, while military blocs exist to act against someone else.

So against whom is a bigger NATO directed? We are told it is directed against no one but is necessary for the security of Europe. We are told that no one is threatening Russia, and even that NATO expansion would be useful to Russia. But why then are investigations under way on the territories of prospective NATO members to determine how and where to best station new military structures?

The issue of placing nuclear weapons in the bloc's new member states is being discussed at government levels.

Furthermore, along the perimeter of Russia—from the Balkans to Moldova and Ukraine, and beyond the Caucasus to Central Asia—"se-

curity knots" are being woven in which there is no room for Russia. Nothing could be more effective in reviving the Russian complex of being "surrounded."

And how is it that each small step taken to revive economic relations between Russia and the states of the former Soviet Union is immediately interpreted as indicating an imperial Russian appetite? The sentiment of Messrs. Kissinger and Brzezinski is back in fashion: that Russia is incorrigible and can be talked to only from a position of strength.

Such an atmosphere, despite all the reassurances that Russian interests and anxieties will be taken into account, is not conducive to trust.

How can it not be widely known that Russia poses no danger to anyone, either by its intentions or its capacity? And even if a real danger did arise, NATO would certainly not neutralize it from Estonia or Uzbekistan; there are other areas much better suited for such operations.

It is impossible to understand how well-informed politicians don't realize that their stubbornness will only cause problems in the future—and not in the distant future, either. NATO expansion would transform Russian society into an antagonist hostile to the West. Instead of increasing security, NATO

expansion would cause an increase in threats, and not only in Europe.

Is the West not capable of weighing the pros and cons of such a decision? Let's think this over, again and again. I understand that face must be saved. But there is still time. It is perhaps strange that neither Russia nor the West has tried to put the matter on the agenda of the UN Security Council. We are talking, after all, about a global problem.

There are other ideas worth discussing, such as France's proposal for a summit meeting. It is possible to envision an agreement that would provide joint guarantees by NATO and Russia to those European countries seeking membership in the Atlantic alliance.

Serious negotiation is possible before NATO expansion is declared a fait accompli at its summit meeting in July.

It is worth trying everything before leaving as an inheritance to the 21st century such a tragic gift.

Mikhail Gorbachev, the last leader of the Soviet Union and a Nobel Peace Prize winner, now heads the Gorbachev Foundation, a political think tank in Moscow, and writes a monthly column for *La Stampa*, a newspaper in Turin. This column was distributed by The New York Times Syndicate.

After Deng, the Real Power in China Rests With the Army

By Richard Halloran

HONOLULU — Amid the speculation about China's future after the death of paramount leader Deng Xiaoping this past week, one thing is clear: It will be the generals of the People's Liberation Army who will have the decisive word, not the politicians of the Communist Party, the technocrats of the government bureaucracy or the business executives who have generated their nation's economic leap forward.

The Great Helmsman of the Communist Revolution, Mao Zedong, laid down that principle nearly 60 years ago: "Every Communist must grasp the truth: Political power grows out of the barrel of a gun." The precept is still in force, though perhaps it is not so blatant today: The People's Liberation Army, or PLA, continues to be the final arbiter of authority in China.

Mao also wrote then: "Our principle is that the Party commands the gun, and the gun must never be allowed to command the Party." This standard may not hold up so well. For many months, party leaders have sought in open meetings and

publications to impress upon the army and the public that the PLA must obey them, which suggests they have some anxiety about the PLA's political posture.

For now, Mr. Deng's heir apparent, Jiang Zemin, seems to have the confidence of the PLA after seven years of cultivating its support. Mr. Jiang is general secretary of the Communist Party and president of the government. More important, he is the chairman of the Central Military Commission, the overseer of China's 2.9 million soldiers, sailors, marines and airmen.

An overt power struggle, in which the PLA would be decisive, seems unlikely for the next few months. All Chinese leaders want to celebrate the return of Hong Kong on June 30 and are preparing for a party congress in October. Beneath the surface, however, maneuvering that had been under way in anticipation of Mr. Deng's death will most likely intensify.

Later, if party leaders can't reach a consensus on whether Mr. Jiang should remain in of-

fice or be moved aside, the PLA will contribute to a decision but otherwise stay in the background.

However, a Chinese expatriate in touch with colleagues in China sees Mr. Jiang as a transitional leader whose hold on power may be shaken in coming months, and warns that "there's a politically dangerous period ahead." Few expect the PLA to seize power, but to make sure the party selects leaders who will do the military's bidding.

No matter which way events develop, the PLA exercises power in five arenas:

• Politically, any aspiring leader must have the support of the PLA to rise in the party hierarchy, and must retain that support to stay in power. Mr. Jiang appears to have good working relations with PLA leaders, including General Chi Haotian, the minister of defense, who recently visited the United States.

• The PLA, along with its offshoot, the People's Armed Police, is charged with main-

taining internal security and public order. The PLA was called in to suppress the democratic uprising in Tiananmen Square in June 1989, which led to hundreds and perhaps more than 1,000 deaths.

• Economically, the PLA is a considerable force because it is engaged in all manner of commercial and industrial enterprises. About one-half of the ground force, or just over a million people, are not really soldiers but engage in business or drive trucks or run machines in factories.

• In foreign policy, the PLA has a strong voice, especially on strategy toward Taiwan. The PLA demands that Taiwan be united with China.

• Militarily, the PLA is little threat to anyone outside its borders today, but it is steadily modernizing with funds from China's thriving economy. Already the world's largest military force and armed with nuclear weapons, the PLA will be able to project power across land and sea in about 10 years.

Unlike Mao and Mr. Deng and almost all leaders of the first

two generations of Communist China's leaders, Mr. Jiang has never served in the armed forces. That lack of military service has made PLA leaders skeptical. Mr. Jiang, however, has gone out of his way to cultivate military leaders. He has found an expedient ally in General Chi, who has been a political officer, not a combat soldier, throughout his military career. Slowly, Mr. Jiang has placed officers loyal to him in major commands and has demanded personal pledges of allegiance from them.

After the Tiananmen episode, the regime began to build up the People's Armed Police, training them in anti-riot tactics and buying water cannons and other equipment to control dissidents. The armed police number over one million now, having had some units shifted directly into their ranks from the PLA. An additional 500,000 are to be added over the next year or two. The armed police commanders report directly to Mr. Jiang as chairman of the Central Military Commission, giving him close control over their actions.

International Herald Tribune

The Party That Brought the Great Famine Is Alive and Well

By A.M. Rosenthal

NEW YORK — Nobody can say how many millions died in the famine. For almost four decades, China's leaders have feared to find out. The figure that foreign demographers think likely is 30 million.

The famine of 1959-61 is not an episode in history finished and over. Thirty-six years on, the same Communist Party that created the famine rules China yet—the party of Mao Zedong, of Deng Xiaoping and of the successor dictatorship already installed.

It was an unusual famine. The victims were not killed by nature's harshness. They were murdered, as sure as if they had been shot, by the Communist government.

Mao ordered earth and peas-

ants to grow unsuitable crops at escalating rates. The soil turned to dust; 20 years later I saw it swirling across collectives and villages.

The Communists left barely enough food for rats to eat and be eaten. Police and party terrorism prevented the world from knowing.

The party and its armed forces still dictate agricultural and all other policies, still govern by terrorism. And the West is their servant.

By its own will, and for coin, Western democracies beg Beijing for deals, and for partnership in shaping the 21st century. In Mr. Deng's time the West remained faithful, no mat-

ter how many students he ordered shot, pouring hundreds of billions into trade and investment that strengthen the Communists and their army.

In return, Beijing indeed made Western democracies its partners. They obeyed orders not to help the victims of political and religious oppression. Morally and practically, the West became the silent partner in their persecution.

Playing down their own countries' security interests, President Bill Clinton and other Western leaders also muzzle themselves about Beijing's sale of missile and nuclear equipment to other dictatorships. But increasingly Americans shout-

ing wake-up calls find they have allies. The mail on columns urging boycotts or shareholder action is buoyant.

Thursday the Province of St. Joseph of the Capuchin Order in Milwaukee and the Passionists, a Roman Catholic religious community, sent word that they had used their 100 shares of Boeing stock to put a resolution before the next annual meeting. It calls on the company to observe basic human rights in its China operation.

More journalists are investing their talents in exposing Chinese repression and military double dealing. Please read "Hungry Ghosts" by Jasper Becker, about the famine, and "The Coming Conflict with China" by Richard Bernstein and Ross H. Munro.

The Weekly Standard, under Bill Kristol, is reminding conservatives of their obligations to fight Communist oppression. This past week: 12 clear-minded pieces on China by members of Congress, journalists and China specialists.

These people are important, as will be every American who refuses to be a servant of Beijing. We must now acknowledge that President Clinton is the prisoner of Beijing. He has not told and will not tell the

truth about stepped-up Chinese repression and military defiance.

He would have to admit the failure of his appeasement policies, and for this he has neither the will nor courage.

But if conservatives and liberals with reach of word persuade the public to see his anger, perhaps Al Gore will become his own man on China when he runs for president. He could start earlier, as Bill Triplett challenges in The Weekly Standard. He could demand compliance with legislation against sales of cruise missiles—the Gore-McCain Act of 1992.

China sells Iran improved versions of a missile system the Iranians used before to kill 37 sailors aboard the USS Stark.

The silence, the use of the power and creativity achieved by democracy to lift the Chinese Communists to strengths they could never otherwise have even aspired to—madness, born of greed and betrayal. One day America will ask how it happened. Meantime, Americans individually and in groups, even as small as the Midwestern Passionists, can refuse to put on the muzzle their government wears.

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: General's Effort

HAVANA — Consul-General Lee has requested in urgent terms that the U.S. Government send a warship to Cuba because of the attitude of the Spanish authorities in relation to the death or murder of the American citizen Dr. Richard Ruiz, in the jail at Guanabacoa. General Lee will act or resign in a few hours. Two months ago he tendered his resignation, but withdrew it only at the personal solicitation of President Cleveland, who promised to sustain all General Lee's efforts to protect the life, liberty and property of Americans in Cuba.

Pennsylvania, set an important precedent enabling colleges, if the rules of admission so provide, to exclude or dismiss any student regarded as undesirable without providing a reason. The court upheld the college's contention that rules under which a student was admitted constituted a contract with the college, which might be invoked without a court review.

1947: De-Nazification

VIENNA — Five thousand students will be dropped from Austria's colleges and the University of Vienna in the spring semester upon application of the new de-Nazification law. The new law, sharpened by the Allied Council, rules that all students with Nazi affiliations must be expelled. The University of Vienna alone will drop about 1,500 of its 7,500 enrollment. The law will be effective until April 30, 1950.

1922: College Contract

NEW YORK — A court of common pleas, refusing in a decision to reinstate Miss Marjorie Barber of Michigan City, Indiana, an expelled student of Bryn Mawr College in

Herald Tribune
ESTABLISHED 1887
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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41 43 93 00. Fax: (1) 41 43 92 10. Adv: (1) 41 43 92 12.
Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com

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S.A.S. au capital de 1.200.000 F R.C.S. (Nanterre) B 732021126. Communication Periodique No. 61357
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Dissident Exiles in U.S. See Chance for Change in Post-Deng China

By Richard Bernstein
New York Times Service

NEW YORK — Inside the world of exiled dissidents, where they talk about the future, the shape of China after the death of Deng Xiaoping has been the main topic for years, with nearly as many opinions as dissidents.

But now that Mr. Deng has actually passed from the scene, there is something different in the atmosphere, a sense that, at least, the things that could not change as long as Mr. Deng was alive have some chance of changing now.

"The general feeling is that Deng's death opens up some chances," said Xiao Qiang, a former physics student who is director of Human Rights in China, a monitoring organization in New York. "Deng allowed an economic opening but no political liberalization, and nobody could challenge that as long as he was alive," he said. "In the post-Deng era at least you will be able to question the policy, the timetable of liberal-

ization, and whether liberalization should be on the timetable."

In all, according to Mr. Xiao, about 40,000 Chinese received residency permits in the United States after the violent crackdown on demonstrators in Beijing in June 1989. An additional 2,000 to 4,000 came to this country after the crackdown and were granted political asylum. Of those, a few hundred have remained active in organizations that study events in China or provide information on human rights abuses there and campaign for greater freedoms.

Virtually all of the exiles are officially non-persons in China, and it appears that they have little, if any, influence there.

Among dissidents, the exiles may not enjoy the prestige of some activists, like Wei Jingsheng or Wang Dan, who remained in the country and are serving long prison terms. But they are untainted by any involvement in the suppression of the Tiananmen Square demonstrations and conceivably could return to positions of influence should

a more liberal faction come to power, or even if the current government of President Jiang Zemin decides to make a gesture of reconciliation to the many officials who lost their posts after 1989.

Some of the exiles, interviewed the day after Mr. Deng's death, seemed pessimistic about the immediate future, believing that China's leaders will feel insecure and will therefore govern more repressively than ever before.

Others said they believed that Mr. Deng's death will open the way for an official reassessment of the 1989 crackdown, possibly a re-emergence for China's Communist Party who was ousted by Mr. Deng, and even a future role in a democratic China for the exiles now in the United States.

"The day of going back is closer," said Liu Binyan, the editor of China Focus, a magazine published in Princeton, New Jersey. In the relatively open China of the 1980s, he enjoyed fame as his country's chief investigative journalist. "The death of Deng marks the end of the old

era, the era when everything was decided by a few politicians," he said. "Even though Deng didn't interfere in politics in the last few years, he was like a stone weighing on the country and the removal of the stone will make people more courageous in raising demands and expressing dissatisfaction with the status quo."

Mr. Liu, who was visiting the United States when the Tiananmen crackdown took place and stayed, said that Mr. Jiang is very likely to respond to popular pressure by formally reassessing the Tiananmen demonstrations so that they will no longer be seen as counterrevolutionary, but a legal and even patriotic movement.

Appearing on a program on public television Wednesday night, Chai Ling, a student leader who fled the country after the Tiananmen crackdown, spoke emotionally about her expectation that great changes will soon sweep over China in the direction of the rule of law, a free press and other elements of democratic government.

"Jiang Zemin could be China's George Wash-

ington," Miss Chai said. "Or he could be another Deng Xiaoping."

Liu Gang, a former physics student from Beijing University who spent six years in prison after the Tiananmen crackdown, said: "Things will get better because there's an opportunity for China to change."

Mr. Liu, who is studying computers at Columbia University, said he believed, like many other exiles, that there may be a power struggle in China during which challenges to the old order will be made. "After Deng, nobody will be able to be a powerful dictator again," he said.

Some exiles, however, said that change for the better, if any, will be slow. They argued that Mr. Jiang will be cautious about moving away from the Deng legacy.

"In the short term, the government is going to be more repressive," said Mr. Xiao of Human Rights in China. "The leaders now have fewer credentials than Deng did and no legitimacy of their own. So they will feel insecure."

Jiang Vows to Pursue Deng's Reforms

Police Tighten Security to Guard Against Political Demonstrations

Compiled by Our Staff From Dispatches

BEIJING — President Jiang Zemin, speaking publicly for the first time since the death of Deng Xiaoping, vowed Friday to push forward the reforms that his mentor inaugurated 18 years ago.

"The Communist Party of China, the Chinese Army and people of various ethnic groups are determined to turn grief into strength," Mr. Jiang told the president of Kazakhstan, Nursultan Nazarbayev, who is on vacation in China.

Speaking for the first time in public since Mr. Deng died Wednesday at the age of 92, Mr. Deng's designated heir pledged to "hold high the great banner of Deng's theory to build socialism with Chinese characteristics."

China would unite to pursue Mr. Deng's reforms "unswervingly and confidently," the Xinhua press agency quoted Mr. Jiang as saying.

Mr. Jiang repeated almost word for word the official obituary of the pragmatic reformer, whose belief that China's people should be allowed to get rich ended decades of chaotic rule by Mao Zedong.

It was Mr. Jiang's first public commitment that he planned to press on with Mr. Deng's capitalist-style reforms.

"We would run China's undertakings still better, and make greater contributions to the cause of peace, development and progress of the mankind," Mr. Jiang was quoted as saying.

Mr. Jiang and fellow leaders have long promised to follow Mr. Deng's policies — a mixture of capitalist economics and tight political control — for "100 years." Mr. Jiang's remarks were likely to have a settling effect, especially on nervous foreign investors.

China continued to mourn Mr. Deng on

Friday. State-run media carried condolences from world leaders and interviews of Chinese expressing sadness.

Secretary of State Madeleine Albright cut short a visit to China that had been scheduled for Monday and Tuesday, squeezing her talks with senior leaders into one day.

In the southern boomtown of Shenzhen, born of Mr. Deng's reforms, in his hometown in southwestern Sichuan Province, and in other areas where Mr. Deng had worked, people quietly expressed their grief by wearing white corsages or black armbands.

To guard against the chance demonstrations of grief might turn into political protests — as they did in Tiananmen Square in Beijing — Chinese leaders ordered security tightened.

Plainclothes police in Tiananmen Square were confiscating flowers car-



A soldier with an elite guard of Chinese troops being slapped Friday during training at the barracks in Beijing.

ried by people headed toward a memorial for revolutionary martyrs.

The 459-member funeral committee led by Mr. Jiang has ordered a six-day mourning period that will end Tuesday with a memorial service in the cavernous Great Hall of the People. (Reuters, AP)

Taiwan Has Doubts on Jiang

President Lee Teng-hui of Taiwan expressed doubts Friday that Mr. Jiang would succeed in replacing Mr. Deng as the mainland's top policymaker and undisputed leader. Reuters reported

from Taipei. "President Lee said he was not optimistic about Jiang Zemin's firm position for succession after Deng Xiaoping died," state-run television quoted Mr. Lee as telling a group of senior local newspaper executives.

TAXES: Deadbeats Proliferate, and Moscow Faces an Uphill Battle to Pay Soldiers, Pensions and State Workers

Continued from Page 1

up government debt, fueling inflation and increasing the temptation to print money.

Russia's falling revenues have twice led the International Monetary Fund to signal its displeasure by suspending \$10.1 billion in credit.

"In what country can companies go for five years without contributing to the pension fund or paying their taxes?" Boris Fyodorov, Mr. Yeltsin's former finance minister, asked rhetorically. "But here, they survive."

Russia's tax system is like no other, a hodgepodge of Soviet-era laws, ad hoc new taxes and favors granted to the well-connected. Mikhail Zadornov, chairman of Parliament's budget committee, complains that the system demands too much from heavy industries, while virtually ignoring the flourishing banking and financial-services companies — and only lightly taxing individuals.

Because of low wages and the underreporting of income, personal income tax accounts for 7.5 percent of government revenue, according to the Russian government's Working Center for

Economic Reform. In Western Europe, it averages about 30 percent.

Tax specialists also say that corporate taxes fail to distinguish adequately between revenue and profit. Companies cannot write off many travel expenses of their executives, for example, and advertising is taxed, discouraging companies that want to create new products.

But the worst feature of the Russian tax system is that so much goes unpaid.

In an echo of the Soviet past, taxpayers tend to see government as another corrupt organization to be finessed. Tax obligations are not so much civic re-

sponsibilities as fees to be dodged, negotiated and, if all else fails, paid, preferably only in part. The medical and pension benefits supported by taxes are viewed disdainfully as substandard, unreliable and not worth the money.

"There are 170 types of taxes," said Alexander Pochinok, the deputy chairman of Parliament's tax committee. "So the level of taxes is too high for those people who really pay. And there are too many who don't or who have special privileges."

Inventing tax dodges has become a favorite pastime for the rich and power-

ful. To avoid the tax on wages, banks often give their employees huge loans in lieu of wages. The funds are then deposited and the interest returned to the employees. Only recently has the government moved to rein in the practice, and critics say those actions are not tough enough. Many companies elude taxes by conducting much of their business in the form of barter — steel pipe for shoes, coal for beef.

Officially sanctioned tax breaks are endemic. According to the Finance Ministry, tax breaks for the politically well-connected cost the government \$28 billion a year, a huge sum for a nation whose annual budget this year is \$96 billion.

Even when tax obligations are clear, however, many enterprises and individuals simply elect not to pay. Because the tax police tend to scrutinize companies with the clearest financial records and transparent investments, hiding income, not disclosing it, is sometimes the best way to keep the inspectors away.

According to estimates by the State Tax Service, 17 percent of taxpayers comply fully and on time. About 49 percent occasionally comply and 34 percent simply flout the tax regime. The list of tax debtors includes the nation's biggest companies — 72 companies account for more than 40 percent of all the tax arrears.

Why does the government tolerate such tax evaders? One reason is the state fears the consequences of killing off faltering state enterprises.

To scare deadbeats, Mr. Yeltsin established an emergency commission, dubbed "V.Ch.K.," a conscious echo of the Cheka, Lenin's secret police.

But the government's bark has been worse than its bite. Mayor Yuri Lushkov of Moscow intervened to save the Moskvich car plant from bankruptcy. A Tatar leader used his Moscow connections to protect the Kamaz truck plant.

And though Anatoli Kulikov, whom Mr. Yeltsin recently promoted to deputy prime minister with responsibility for economic crime, has tens of thousands of tax inspectors and tax police at his disposal, some Russia specialists doubt he will be effective.

"It is clear from some of his pronouncements that he has no idea how a modern economy works," said Mr. Fyodorov, the former finance minister, referring to Mr. Kulikov's earlier endorsement of bank nationalization.

To clamp down on tax evaders, Mr.

Russian Finds Missile Force To Be Reliable

Reuters

MOSCOW — Prime Minister Viktor Chernomyrdin said after inspecting the headquarters of Russia's nuclear missile forces Friday that they were under firm control and effective.

"Russian strategic missile forces are capable of effectively carrying out all tasks entrusted to them, Interfax quoted him as saying after he visited the headquarters in the town of Odintsovo, outside Moscow.

President Boris Yeltsin ordered Mr. Chernomyrdin to inspect the missile forces, the backbone of Russia's nuclear strike power, after Defense Minister Igor Rodionov complained last week that they were close to collapse because of poor funding. Mr. Rodionov said later that he had not meant there was any immediate threat of the nuclear forces going out of control.

"The nation's nuclear shield is in reliable hands," Mr. Chernomyrdin said. But he said the government wanted more information about the real situation in the missile forces. There have been reports of poor morale, maintenance difficulties and other problems.

Mr. Chernomyrdin said the government considered it a priority to maintain the high readiness of the missile forces.

Russian leaders have said they would consider taking "adequate measures" if NATO goes ahead with plans to expand eastward, and they are worried that new members in Eastern Europe could have nuclear weapons based on their territory.

Fyodorov said, Russia needs investigators who are sophisticated about investment strategies, credit card fraud and offshore banks.

"I am absolutely sure that there is not a single guy in the Ministry of Interior who understands the problem. If there was one he would leave because the salary is so bad and somebody else would hire him," he said.

ALBRIGHT: Moscow Still 'Negative' to NATO Expansion

Continued from Page 1

Russian president would indicate sufficient commitment to its contents.

Mrs. Albright, in their joint news conference, said her talks here were "a serious and constructive exchange, but it's clear we have some complex questions to resolve."

American officials said that positions did not shift during the talks, but that they were "devoid of theological posturing and represented a very practical discussion of the specific content of the charter," as well as the NATO proposal for a revised treaty on conventional forces in Europe.

Mrs. Albright announced that the two sides had established a group to negotiate the charter, led by Deputy Secretary of State Strobe Talbott and Georgi Mamedov, his Russian counterpart, and she invited Mr. Primakov to visit the United States.

She said she hoped a charter could be finished by the time NATO meets in Madrid in July to announce its choice of new members, widely expected to be Poland, Hungary and the Czech Republic, but said that NATO enlargement would proceed regardless.

American officials say the Russians want a wide variety of security guarantees and assurances, including a freeze on modernization of weaponry in Central and Eastern Europe that NATO will not accept.

"The Russians want lots and lots of things," an official said. "But this is the art of the possible."

In the news conference, Mrs. Albright tried to speak over the heads of the journalists to the Russian people, describing how NATO had reduced its troop levels and armaments since 1989 and was not aimed at Russia.

"NATO is not the NATO of the Cold War," she said. "NATO no longer has an enemy to the east." She said that the number of American troops in Europe had dropped from 300,000 to 100,000 and that the number of NATO combat aircraft had dropped from 6,000 to 3,800.

"We are on the same side," she said. Mr. Primakov did not seem convinced, however, saying that Russia wants to see "a NATO transformed

more in the direction of becoming a political organization, and its remaining functions be aimed primarily at peace-keeping functions."

Russia does not want to see even reduced numbers of NATO weapons, "which my colleague so beautifully described," he said, smiling at Mrs. Albright, "moved eastward in our direction."

Mrs. Albright also met for 50 minutes with President Boris Yeltsin in his Kremlin offices. Mr. Yeltsin, 66, looked gaunt and waxen, his face coated with a strong yellowish-tan makeup. His walk was steady, if deliberate, and his voice was much weaker than his traditional booming baritone, possibly an aftereffect of the double pneumonia he suffered in January after a major heart bypass operation in November.

Mrs. Albright was the first American official to see Mr. Yeltsin since July, when Vice President Al Gore was here. Washington is relying on Mr. Yeltsin to take charge of the NATO issue, and this meeting was designed to have him hear directly from Mrs. Albright before he meets President Bill Clinton in Helsinki on March 20-21.

Mr. Yeltsin greeted her warmly in the ornate Aulavny Zal, or Oval Hall, the reception area of his private office, with pistachio-colored walls and an intricate parquet flooring.

Mr. Yeltsin spoke without notes, in generalities, until reporters were asked to leave the room. "I've heard all about you," he said. "Say hello to the American people."

Asked later about his condition, Mrs. Albright said: "We all have to remember that he's recovering from a major heart operation. But I spent almost an hour with him and we had a very sharp and good discussion. He did not use one note and he's really right on point, and I think he's very much in charge."

She said he was engaged in discussion and concentrated on how important it was that Russia not be isolated from Europe. "He spoke about the importance for us of seeing a new Russia," she said.

"I spoke about the need for him to see a new NATO," she said she thought it would not be appropriate for



IN THE SPOTLIGHT — Momotaro, the bicycling dalmatian making its rounds Friday near Tokyo. Its master, Kazuhiko Nishi, teaches animals to perform for TV.

her to try to describe his physical condition, however. But Russian television journalists said Mr. Yeltsin looked in better condition Friday than he has in his recent, brief appearances.

BOSSSES: MIT Scholar Relates Birth Order to Executive Talents

Continued from Page 1

executives — he does not know, for certain, that executive suites are skewed toward first-borns — Mr. Sulloway said the message for companies was clear.

People who select chief executives, he contends, would do well to consider birth order, among other variables, especially if radical change is required. He thinks corporate boards probably have too high a proportion of first-borns, too, adding to the tendency to delay needed change.

To later-borns who are tired of seeing their older siblings rule so many roosts, meanwhile, Mr. Sulloway's work offers an encouraging note — if, as some management experts think, the authoritarian management model has had its day.

Mr. Sulloway offers his own warnings. His research showed that two characteristics other than birth order were nearly as important as predictors of the propensity to rebel: "Age and the social attitude of the family, and hence your own social attitude." Younger people tend to be more open to the new because they have less stake in the established, he said, and children tend to draw social attitudes from their parents.

Even so, one key factor can disrupt the pattern, he said — a bad relationship between a child and his parents. Nor is

his analytical framework fail-safe: the behavior of 15 percent of the population defies explanation.

Mr. Sulloway's caveats, however, did not stop the potshots. Writing in The New Republic, Alan Wolfe, a sociology professor at Boston University, credited Mr. Sulloway for "establishing the importance of birth order," but his scorching review branded the book "powerful rhetoric" and "bad science."

In any case, people are buying the 653-page tome. It is in its fourth printing, with 56,000 copies in circulation.

Despite the limits of his research, Mr. Sulloway thinks his work has relevance for spheres he has not studied closely, including business. "I can say a lot about people I don't know personally," he said. His analyses take off from a person's position as a first-born or later-born but go deeper into family dynamics, considering such variables as sex, the number and sex of siblings and the age spacing between them.

At the recent World Economic Forum meeting in Davos, Switzerland, the panel Mr. Sulloway led on his work was packed with believers and skeptics alike. Lester Thurow, the MIT economist and former dean of its Sloan School of Management, was on the panel.

"It's all very fascinating," Mr.

Thurow said later, "and, like 'survival of the fittest,' on some level it just seems right. But there are always exceptions, so it's too conditional. You can't use it to make decisions." Besides, he pointed out, just because later-borns tend to rebel does not mean that they discriminate between good and bad revolutions.

Until the forum meeting, Mr. Sulloway's work had hardly registered in the business world. He has not heard from any corporations. "I'm quite surprised because of the implications of the book regarding the adaptability to change," he said.

Despite its ring of pop psychology, detailed birth-order analyses could help boards choose chief executives, once they have blocked out the qualities needed to do the job, Mr. Sulloway suggests.

The idea is not so crazy. "When I interview candidates, I ask questions that get at their early background, including the number of their brothers and sisters," said Michael Wellman, managing director of the New York office of Korn/Ferry International, an executive recruitment firm. "It's another part of the subjective information we use to get a handle on them." Like body language, however, he said it was less important than things like industry knowledge, experience, management style and reputation.

GIRLS ONLY

By Alex Witchel. 224 pages.

\$23. Random House.

Reviewed by Patricia Volk

As a reporter in the Style department of The New York Times, Alex Witchel takes Zeitgeisters to lunch, shops and checks out hotels. In her first book, "Girls Only," she casts her Boswellian eye on the Witchel clan, a family that "broke on gender lines" with the three girls forming their own sorority.

The born-to-please oldest child of a born-to-please oldest child, young Alex was a high performer who read a library book a day, won every spelling bee and curtsied on cue.

"I need my mother to pay total attention only to me," she says even now, excluding her sister Phoebe from mother-daughter sorties. "Phoebe, 10 years my junior, is a free-thinking girl, as long as noth-

ing gets in the way of what she wants for herself."

In an era of mom-bashing, it's refreshing to read about a passionate mother-lover. The real star of this memoir is Witchel's mother, Barbara, a trained biochemist, college professor and "Star Trek" fan. "Mommy" does a turkey and a brisket for Thanksgiving. For fun, she reads the dictionary. Her mile-high expectations produced a daughter who can nurse a grudge for a quarter of a century, make bologna sound lust-worthy and love at full throttle.

Witchel is sardonic, mournful and hilarious, sometimes all at once. "Girls Only" zig-zags through time with paragraphs that begin "Anyway," "I guess," "Don't get me wrong," "Oh, well," "What can I say?" and "Back to Bergdorf's."

But "Girls Only" is not about girls only. It's about getting loved right and the heartbreaking struggle of a child to seem perfect to her mother and through that perfection worthy of the highest love. It's about trying to be wonderful enough to make up for bad things — guilt and disease — that happened before you were born.

Do not expect Witchel to mope. She's too powerful, a wunder-coper, the kind of person you want on your volleyball team. Her wickedly observant eye drew me to her and made me laugh.

On being quasi-kosher: "I still don't eat ham, unless it's called prosciutto. Because then it isn't ham."

On the employees at a ritzy hair salon: "It was their policy never to pass a mirror without looking at themselves, a duty they performed lovingly."

In the most moving chapter, she meets June Havoc, Gypsy Rose Lee's younger sister. Havoc was dubbed a loser by a mother who charged her for meals. Is the Mama/Gypsy/Baby June triangle all that different from the Mommy/Alex/Phoebe triangle? Witchel finds the common ground.

BOOKS

Witchel women kiss. They hold hands. They sip bourbon together and smoke, smoke, smoke. But there's a limit to what love can do: "Even though my mother knows every fact of my life, as I do of hers, neither of us seems able to reach out and wrap a hand around that jumble of aches and wishes the other wakes up with."

"Isn't separation supposed to have happened when I was about 3?" Witchel later asks.

No. Separation happens when you're down to calling twice a day.

Patricia Volk, a novelist and essayist, wrote this for The New York Times.

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Khmer Sculpture: Enigmatic, Masterful

PARIS—What is it that sparks off some of the highest artistic creativity in tiny countries? Why Rembrandt and Vermeer in Holland? And why Khmer sculpture, perhaps the greatest in East Asia, in tiny Cambodia?

The question comes to haunt the visitor as he gazes at the masterpieces in sandstone or bronze on view at the Grand Palais until May 26; the exhibit, "Angkor et Six Siècles d'Art Khmer," travels to the National Gallery in Washington from June 29 to Sept. 28.

There is no answer to such a question. The rise of a great art is as much an enigma as its demise which, in the case of Cambodia, became final by the 16th century. The historical circumstances of

SOURIN MELIKIAN

its emergence around the sixth century have yet to be described. How contacts with India were established, resulting in the adoption of Hinduism and Buddhism, is unclear. Recent excavations in portions of South Vietnam that were Khmer-populated well into the 19th century point to a complex and troubled process.

Gold plaques recovered on the site of a temple at Go Xai in the Duc-hoa district tell how a king called Bhavavarman I ordered the retreat of an army of 100,000 men after people had buried their jewelry, precious metal objects and bronzes. The inscriptions are in Sanskrit, the liturgical language of India, which was adopted in Cambodia. Mention is made of the conversion of a conquered people.

At Oc-ec, in the Mekong Delta, an Indian-looking gold ring with the bull Nandi cast on top came to light in a context datable to the 2nd century A.D., together with personal ornaments inscribed in the Brahmi script from India, bronze mirrors from Han China and Roman medallions.

But these are mere isolated glimpses into a past that yields no pattern. Khmer sculpture as we know it appears in the early seventh century, so masterly and self-assured that it points to a classical moment, implying a very long development of which the earlier stages have yet to be discovered.

What makes Khmer art more intriguing still is that while it is dependent on India for the canonical models, it is aesthetically as far removed from it as Durer or Altdorfer are from their Italian counterparts when they paint a Virgin and Child. There is a purity in the outline of form, a touch of radiant illumination to the faces of Khmer figures that are rarely found in Indian art.



Sandstone Buddha head from the early seventh century.

The supreme example is the Bodhisattva Avalokitesvara probably dating from the second half of the seventh century. The 188-centimeter (74-inch) sandstone figure, on loan from the Musée Guimet, ranks among the great world art revelations of the last decade.

While the catalogue notes that the statue was dug up in the southern tip of present-day Vietnam as long ago as 1919, it refrains from mentioning that this was on land belonging to the Vietnamese Imperial family. A well-placed source says that the statue was shipped to France at the time of the Communist takeover and remained virtually unknown until it was acquired by the Musée Guimet nine years ago through a Paris dealer for the equivalent of \$1 million.

The American scholar Helen Jessup

hails it in the catalogue as one of the most perfect sculptures in the whole of Khmer art. One can only agree. A quiet exultation is conveyed by the almond eyes and the suggestion of a smile on the big lips, softly pressed together. Rarely was the mystic's ecstasy as he contemplates the inner reality which he has striven to attain so limpidly rendered.

The Vishnuite sandstone figures from the same seventh century school, named after the site of Phnom Da, look more imperious. A standing Vishnu that comes closest to the Bodhisattva throws back its head in supercilious triumph. No joy oozes from its majestic head and yet it has none of the fierceness so common in Vishnuite sculpture from India.

Even when the subject would seem to dictate it, violence is absent from Khmer

art. Durga, Mahishasuramardini, the Hindu deity possessed with the energy of Vishnu, Shiva and Brahma who tramples upon the buffalo demon, was represented at Sambor Prei Kuk as a feminine figure, now alas headless, her body swaying gracefully as she stands on what remains of a buffalo head.

The frenzied Baroque agitation so typical of some of the bas reliefs seething with creatures in post-Gupta art from India is equally alien to Cambodia. A marvelous lintel that stood in the 7th century over the entrance door to another temple at Sambor Prei Kuk hardly looks threatening.

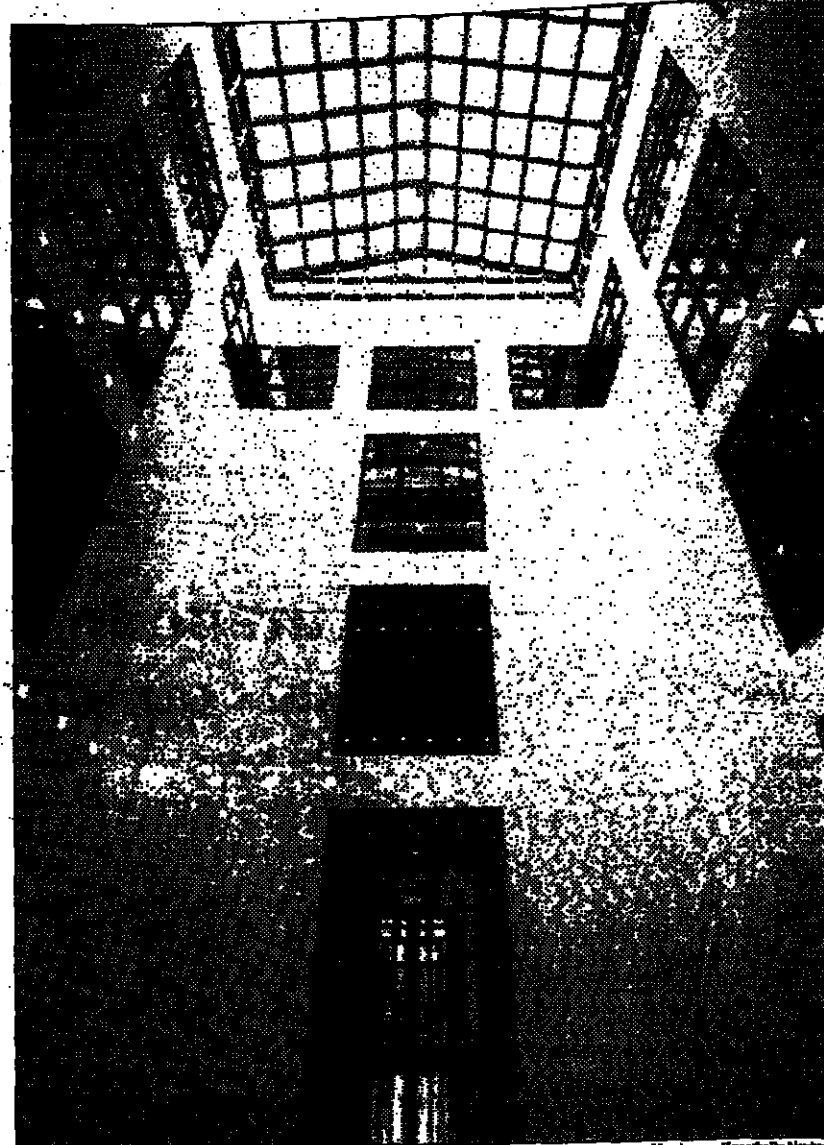
Just as surprising as the aesthetic independence from India is the diversity of the art and the apparent lack of transitional phases. Nothing in the earlier schools heralds the frozen formality of a good deal of 10th and 11th century art.

An exception is "Umanakhesvara," the seated group of Shiva and Uma. The cross-legged Shiva is seen as the Lord of the Mountain, standing the slender figure of the Daughter of the Mountain precariously perched on his thigh.

One would love to know how the gap was bridged between the highly formalized style that prevailed until the 1100s and the astonishing school that blossomed under Jayavarman VII in the late 12th and early 13th centuries. The king turned to Buddhist mysticism after a protracted period of violent disorder in which wars and massacres alternated. Did he play a part in the development of the highly idiosyncratic style in which ecstatic characters, eyes closed, blissfully smiling, have such distinctive features that they are almost certainly portraits? The standing figure of a little girl, with the same rapturous smile and closed eyes, bears a striking resemblance to several representations of a cross-legged man absorbed in meditation believed to represent Jayavarman VII. Surely, she must be his daughter.

The art of three-dimensional portraiture under the guise of Buddhist iconography continued into the 14th century. The bronze standing Buddha from Kong Pisei, serene and powerful, is not just a timeless icon. The individual features of a man, presumably the ruler, can be made out. That Khmer art could be remarkable at such a late date is one of many revelations in the show.

The art even survived the capture of Angkor by the Thais in 1431, as shown by a striking statue of Vishnu-Vasudeva-Narayana. It could be as late as the 16th century; the chronology of later sculpture is shaky. Specialists hesitate just as much about the meaning of its iconography. Khmer art remained as elusive in the end as it was in its beginnings.



The central light court of the new Gallery of Contemporary Art.

Hamburg Museum: Now Let's Fill It

By David Galloway

HAMBURG—Local enthusiasts are touting this city's expanded Kunsthalle as "the Louvre of the north." If the reality is considerably more modest, the addition of a spacious new building to this museum complex means that the Kunsthalle can now make adequate presentation of holdings that date from the Middle Ages to the present.

The Gallery of Contemporary Art, designed by the Cologne architect Oswald Mathias Ungers and built at a cost of 100 million Deutsche marks (\$59 million), is the first new museum erected in the Hanseatic capital since 1945. The original structure, a superb classical building in red brick dating to 1869, as well as an extension added in 1919, were cramped for space. In 1986, Ungers won a design competition that would bog down for nearly a decade.

Aesthetically as well as politically, plans for the new museum posed daunting obstacles. The Kunsthalle is stranded on an island formed by an eight-lane thoroughfare and a milkade-like convergence of railroad tracks. At the western extremity, Ungers has placed a pale limestone cube, separated from the original building by a plaza that mirrors the ground plan of the new structure. The entire complex is perched atop a sloped, red-granite pediment that contains offices and services, as well as spacious galleries that link the old with the new.

Unhappily, to accommodate this undrugged complex, the architect elev-

ated the central plaza. True to his reductionist aesthetic, Ungers made no further intervention here, creating the kind of "negative space" that can send architectural theorists into raptures but is likely to send visitors scurrying for cover. This bleak plateau cries out for a garden or pavilion or sculptural statement.

The cool, anonymous, even imperious tone continues within the new building, though it unquestionably provides a functional, flexible context for the art displayed there. And whether one regards the architect's use of the square as a module for windows, tiles, seating elements and lighting fixtures as "consistent" or tedious, the building's central light court is a space of such lyric, crystalline purity that the debate becomes—at least momentarily—irrelevant. It is not, however, an exhibition space so much as an exhibited space.

Despite such major early acquisitions as David Hockney's celebrated "Doll Boy" (1960) and a flurry of recent purchases, the core collection borders on anorexia. For now, it is fleshed out with loans from private collections. Director Uwe Schneede has not sought the isolated masterpiece but entire blocks of representative works of the sort assembled by the dedicated private collector. Stuttgart's Rudolf Scharpf, for example, offered a virtuoso ensemble of works by a dozen younger American artists—among them, Robert Gober, Jeff Koons and Christopher Wool.

David Galloway is an art critic and free-lance curator based in Wuppertal, Germany.

Unesco Organizing Effort to Save Angkor

By Barry James
International Herald Tribune

PARIS—While crowds line up in Paris to see the art treasures of the vanished Khmer kingdom, the UN Educational, Scientific and Cultural Organization is spearheading an international effort to save what remains of the royal legacy in the jungles of Southeast Asia.

The best known of the treasures is the palace of Angkor Wat, known as the Versailles of the Khmer, but the rescue attempt concerns dozens of other palaces and temples spread over a large swath in northern Cambodia.

The site contains the ruins of an entire city called Angkor Thom, which was larger in its heyday than Rome at

the height of its imperial glory. The wooden houses, in which hundreds of thousands of subjects lived in indolent ease, according to an ancient account by a Chinese diplomat, have disappeared, leaving only the giant stone temples as mute witnesses to the Asian Atlantis.

Most of those buildings are under natural or man-made threat. They are trapped in the choking embrace of giant banyan trees, undermined by subsidence and leprosy with lichen. Worst, they are prey to thieves who find ready buyers for statues and bas-reliefs of lithe celestial dancers and the strange smiling faces of gods and buddhas.

The world cultural organization has put Angkor on its list of heritage sites,

declaring its preservation to be in the interests of all humankind. Unesco is coordinating the international rescue effort, which includes contributions from Japan, the largest donor, France, Italy, Indonesia, Germany, Hungary and the World Monuments Fund in the United States.

As part of the program, France helped train and equip a 520-man police force in an attempt to stop the looting at the vast site.

Pillaging has been going on almost since Angkor was rediscovered in the last century. The most famous thief was Andre Malraux (later to be France's minister of culture), who was caught trying to smuggle out four large pieces of bas-relief and a ton of sculpted stone.

More recently, thieves looted the storerooms of the conservation department in Phnom Penh, from which every gold object disappeared during the corrupt Lon Nol regime in the 1970s. In some of the remote temples, intricate reliefs are full of holes where individual characters have been chiseled out; statues have been decapitated and virtually all the smaller statues have disappeared, Unesco officials said.

Meanwhile, Cambodian authorities have been discussing with Malaysian and South Korean investors the possibility of turning Angkor into a major tourist attraction capable of attracting a million visitors a year. That would mean building thousands of hotel rooms in the region and could place a heavy burden on the environment.

The Political Is Becoming More Personal

By Alan Riding
New York Times Service

BERLIN—Created by the Western allies in 1951, the Berlin Film Festival has traditionally been the most political of movie jamborees. For many years, it was a weapon in the Cold War, serving as a showcase of Western cultural freedom. Later, in the mid-1970s, it became a symbol of East-West détente, offering an annual glimpse into how cinema was faring beyond the Berlin Wall. But its role was always political.

Then, with the collapse of communism, the festival went commercial and was quickly dominated by American studios intent on using Berlin as the European springboard for

movies already released in the United States. This year, these include "The English Patient," "The Crucible," "The People v. Larry Flynt," "Get On The Bus" and "William Shakespeare's Romeo and Juliet."

Now, however, beyond the marketing glare of the Amer-

BERLIN FESTIVAL

ican productions, political movies are making something of a comeback. But they are doing so with a difference: All too aware that many of today's moviegoers have little interest in politics, directors have disguised the social and political content of their films by presenting them as comedies, dramas or love stories. The strategy may be work-

ing. Although festival audiences are not always reliable gauges of future box-office receipts, several of these films have been warmly received here this week. The festival's jury will give its verdict at the closing ceremonies Monday evening when it will announce the winners of this year's Golden Bear awards from among the 25 movies in competition.

What may give these films-with-a-message a chance of reaching a broader public is that their makers seem agreed that, above all, they must be entertaining and not didactic.

"I try to make films that move people when they are in the theater and make them think only after they leave," said Claude Berri, the veteran French director whose latest film, "Lucie Aubrac," was shown here this week.

In the movie, which is based on real events that occurred in 1943 in occupied France, Berri shows the extraordinary risks taken by Lucie Aubrac (Carole Bouquet) to rescue her Resistance fighter husband, Raymond (Daniel Auteuil), from his German captors, who have condemned him to death. At one level, the film is a love story; at another level, it demonstrates that ordinary people can—and should—resist evil.

Other filmmakers have chosen humor as their political vehicle. "I wanted to write about the closure of coal mines under the Thatcher government, but it was only

when we came up with the idea of the brass band that the project became a comedy," said Mark Herman, the English writer and director of "Brassed Off," a funny and poignant film set in a bleak Yorkshire mining town.

The story revolves around the fight to prevent the closure of a coal mine, but this is symbolized by the struggle to keep alive the colliery's century-old brass band, itself a pillar of community life and identity. Behind the film's warm humor, its blunt message is that Margaret Thatcher's conservative government committed a social crime against defenseless miners.

ANOTHER British film, "Twin Town," set in the Welsh city of Swansea, resorts to even blacker humor. It follows two foul-mouthed, car-helming anarchic brothers who exact bloody revenge after a local construction boss, part-time drug trafficker and accomplice of corrupt policemen refuses to pay their father compensation for a work injury.

The movie's writer and director, Kevin Allen, said that "Twin Town," his first feature film, grew out of a documentary he made in Glasgow four years ago about miscarriage of justice. "It started as a much grimmer Ken Loach kind of thing," he said, referring to the British director known for the strong political content of his movies. "But then I decided I was

better at writing comedy."

"Four Days in September," the new film by the Brazilian director Bruno Barreto, appears to tackle politics head-on by recounting the "true story" of the kidnapping of Charles Burke Elbrick, the U.S. ambassador to Brazil, by leftist guerrillas in 1969. But, in practice, the movie is far closer to a thriller laced with human drama than a debate about the pros and cons of taking up arms against American-backed dictatorships.

"It is a political film, but not a political language film," said Barreto, whose film credits include "Dona Flor and Her Two Husbands" and "Carried Away." "Even if you don't care about politics, you can care about these people. I wanted to make a film about real people who are trapped by circumstances."

In "Jump the Gun," a British-South African coproduction described as one of the first movies to emerge from post-apartheid South Africa, the British director Les Blair allows the film's political implications to be an afterthought to the story of Clint, an oil rig electrician who comes to Johannesburg for rest and recreation in seedy bars and finds himself caught up in the lives of a struggling underclass peopled by both whites and blacks.

The film nonetheless highlights the socially explosive background of a society in which blacks and whites are learning to coexist.

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Club Med Wishes on Disney Star

Vacation-Resort Firm Acts to Staunch Losses

PARIS — Club Med, the vacation-resort firm, posted a loss for the year on Friday and said it had hired Euro Disney SCA's chief executive, who faces the task of improving the flagging fortunes of the vacation-resort operator.

Disney's Philippe Bourguignon, who is credited for turning around the Paris theme park operator, will replace Club Med's chairman and chief executive, Serge Trigano, son of the company's founder, who will resign March 1.

Club Med reported a loss of 743 million French francs (\$130 million) for the year to Oct. 31, compared with a profit of 168.6 million francs a year earlier. The loss includes a one-time charge of \$20 million for restructuring operations and other provisions.

Some analysts had expected a 1996 profit of 50 million francs. Club Med's shares were suspended in Paris as the board met amid market talk it would report the loss and shuffle its leadership. Before the suspension, the shares were trading at 355 francs.

Shares of Euro Disney closed down 10 centimes, at 10.2 francs.

Analysts said the management change would allow the company to concentrate on correcting past mistakes, in which it failed to respond to falling demand in Europe and price competition from rivals such as Novelles Frontieres SA and Sandals of the United States.

Mr. Trigano said Friday that Club Med would close seven of its 114 vacation villages. That includes six unprofitable villages in Europe and one in the Americas. It plans to open two new villages this year, one in Cuba and one in Indonesia.

The closures will have an "important positive impact" on earnings for fiscal 1997, Mr. Trigano said.

"I must assume the consequences of what has happened," he said. "I don't have the right to blame it on the economy. Maybe we should have implemented these changes much earlier."

Analysts said any decisive change in strategy should help raise Club Med's flagging shares, which have fallen 33 percent over the past year.

Luning Mr. Bourguignon is regarded as a coup for Club Med. He was responsible, along with Euro Disney's former finance director, for bringing the Disneyland Paris theme park's costs under control and helping it post its first profit since opening in 1992.

"You couldn't find a better candidate," Jeff Summers, an analyst at Klesch & Co. in London, said of Mr. Bourguignon. "He's proven he can deliver the goods by boosting attendance at Euro Disney in a weak consumer market."

It is "great news for Club Med and a disaster for Euro Disney," said Nigel Reed, an analyst at Paribas Capital Markets.

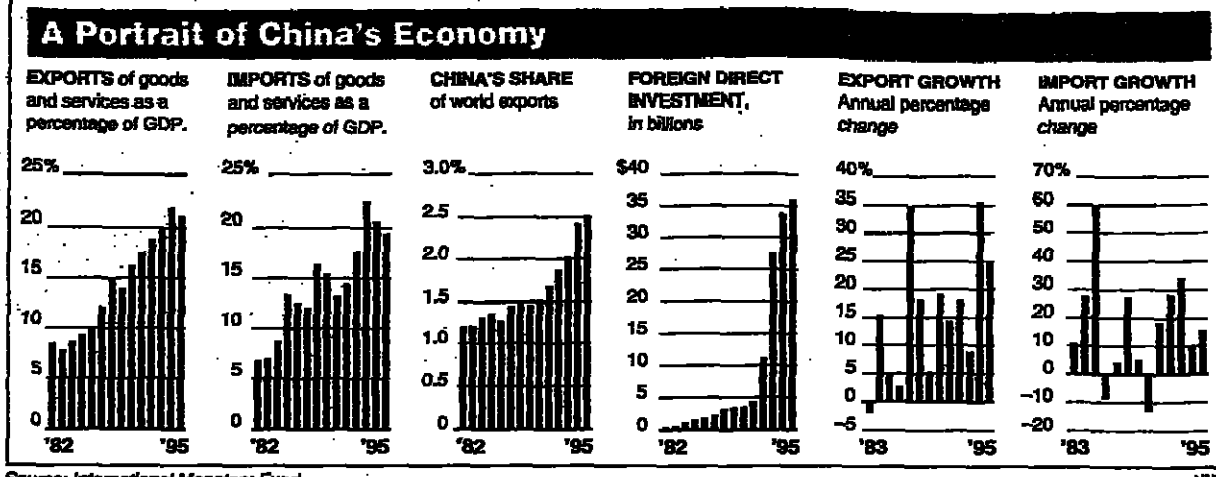
Euro Disney said Gilles Pellissier, its chief operating officer, would replace Mr. Bourguignon. Mr. Pellissier joined the company 18 months ago and now is chief of hotel operator Accor SA.

But analysts and investors wanted that simply changing the management team at Club Med would not be enough to revive the company.

"The problem of Club Med today is head-on competition, customer behavior and renovation expenditure," said Jean-Baptiste Delabre, an analyst at UBS in Paris. "It's not the fault of Trigano, it's the 1990s."

Patricia D'Ille, a fund manager at Monte Paschi Banque, said, "Bourguignon's arrival is positive, but I don't think it's offset the negative effects of such huge losses."

Club Med's major shareholders, who have pushed for a more aggressive reorganization, signaled an impending shakeup when they made it easier to sell their stakes in December, ending a pact that had linked them since 1990.



Tough Choices for Deng Successors

China Faces the Painful Fallout From Restructuring

By Sheryl WuDunn
New York Times Service

TOKYO — Deng Xiaoping, the architect of China's policy of economic openness, seemed to possess a magical touch with China's economy in its rocky transition from communism to capitalism.

But Mr. Deng has left his successors facing even tougher challenges, ones that he may not have been brave enough to take on.

Jiang Zemin, Mr. Deng's designated successor, and his circle of colleagues and advisers have far less political legitimacy and influence than Mr. Deng had. That may be crucial in pushing ahead with unpopular but necessary economic policies, like reducing the cumbersome government sector, raising taxes and prices, or allowing large-scale layoffs.

This leaves one pressing question: Will Mr. Deng's death threaten to derail the pace of China's progress on economic restructuring? Or is it possible that his death might pave the way for even swifter change?

Business leaders in the United States expressed an almost stubborn optimism Thursday that China would remain on its current course of economic modernization. And markets around Asia seemed to take his death in stride, as stock indexes in Tokyo, Hong Kong, Taipei, and Shenzhen even edged higher.

His death was not only anticipated, but Mr. Deng had already set in motion an economic revolution in China far beyond what any one man could control.

"It is still a market of taxicabs and chauffeur-driven vehicles," said John Smith Jr., chairman and chief executive of General Motors Corp., which has a sizable business in China. "The roads are currently missing, so that has to come first."

Mr. Deng's death does not change the fundamental strength of the economy, which grew nearly 10 percent last year. Savings rates are still high, labor remains cheap, and China's public works and legal systems both remain weak but improving.

"Nobody in China has really lost from economic reform, and in the beginning that was very important," said Nicholas Lardy, a senior fellow at The Brookings Institution. "But somehow along the line, you've got to start making those tough choices."

Those tough choices loomed while Mr. Deng was still alive, and they remain China's greatest challenge.

It will certainly be hard to match the magic of China's former patriarch. When Mr. Deng made what has become known as his imperial journey to the south in 1992, a time when economic restructuring was stalling, he was nominally just a retired old man.

But in fact, his trip paved the way for remarkable changes in the national winds of economic policy. Hardliners were virtually expelled from the leadership. China hailed the virtues of a "socialist market economy," sweeping

central planning under the carpet at the party congress in October. And suddenly, a new economic vitality spread like wildfire throughout the country.

He was a decisive leader, and when problems arose or critics swooped down on him, he forged ahead steadily and determinedly. That is exactly the opposite of the approach taken by Mr. Jiang, China's cautious Communist leader. Mr. Deng had the influence to override hard-liners who thought economic modernization should proceed much more slowly. China still has a clutch of elderly leaders, some of whom are ardent, revolutionary purists, and they may now press for a slower pace of economic restructuring. It is unlikely they will win, but there may at least be a tortuous, protracted battle that itself could delay economic change.

Finally, Mr. Deng had the political capital to make dramatic and painful changes in China. He did not always exercise it, but he did begin to allow companies to lay off workers, and he gingerly began to accept the concept that companies could go bankrupt.

In contrast, both Mr. Jiang and Prime Minister Li Peng may lack the stature necessary to push ahead with important but painful measures.

Still, in a sense, one of Mr. Deng's critical economic contributions survives him: Economic restructuring is no longer an ideological question. It is more of a technical one.

When the Chinese leadership debates how to introduce capital markets or dissolve inefficiencies in the state sector, the debate is not over whether these steps are allowable. Instead, they are about the concrete process of how to go about orchestrating the change.

For example, how can welfare benefits be taken away from people? How can workers be laid off, and how can new jobs be found for them, to keep them from protesting in the streets? They are issues that are as much a headache for any capitalist leader.

In some ways, China's younger, more technocratic and worldly crop of leaders are better equipped than their elderly predecessors to handle the next stage of



Zhu Rongji, China's economic chief.

See YUAN, Page 13

Creative Accounting Gets EU's Approval

Italy's Chances for Euro Improve

By Tom Buerkle
International Herald Tribune

BRUSSELS — Europe's statisticians on Friday endorsed two Italian accounting maneuvers designed to reduce the government's budget deficit, a move that gave a boost to Rome's bid to qualify for a single currency in 1999 even as it fanned doubts about the real readiness of Italy for monetary union.

The announcement by the Luxembourg-based agency Eurostat completed a series of decisions, beginning with the approval last fall of a 37.5 billion-franc (\$6.59 billion) transfer from the state-owned company France Telecom to the French Treasury, that set the ground rules for countries attempting to meet the single-currency deficit and debt criteria this year.

Eurostat has given the green light to virtually all of the controversial accounting techniques employed by member countries, techniques that Prime Minister Romano Prodi of Italy bluntly labeled as "tricks" last fall. The political storm over the decisions has clearly caused some squinting at the normally obscure agency, but Eurostat officials defended their actions as purely technical.

"I know some governments believe other governments use accounting to cheat," said Alberto de Michelis, the director of Eurostat. He rejected the criticism, however, saying Eurostat was merely trying to ensure that all 15 EU countries apply the same accounting rules. He added that political assessments about rule-bending are best left to politicians to sort out.

Mr. de Michelis also pointed out that some of the agency's decisions have had a negative impact on the finances of national governments. Indeed, one ruling on Friday will increase Germany's budget deficit by as much as 5 billion Deutsche marks (\$2.96 billion) this year by requiring the government to put on its books certain road and railway investments made by private-sector companies.

Patrick Child, a spokesman for the EU monetary commissioner, Yves Thibault de Silguy, said the commission would be looking for a "high degree of sustainable convergence," rather than one-time austerity measures, when it gives its opinion early next year of the countries qualified to enter monetary union.

"It's not just a question of ticking off boxes and getting your deficit down in 1997," he said.

On Friday, Eurostat endorsed a proposed package of measures with which Rome intends to raise 12 trillion lire (\$7.15 billion) this year to reduce its budget deficit by 0.6 percent of gross domestic product. In particular, one measure — to raise 3.5 trillion lire in 1997 — would require companies to pay in advance part of a tax on employee savings funds.

Italy's so-called Euro tax is controversial because the advance merely brings forward tax receipts into 1997 rather than raising new revenue. In addition, Mr. Prodi's government has promised to refund much of the Euro tax in 1999, leading some EU finance officials to dismiss the entire package as sleight of hand rather than true deficit reduction.

Mr. de Michelis said the agency would have disallowed the tax if the refund had been written into Italy's finance law.

But in a comment that spoke volumes about Europe's efforts to meet the deficit criteria, he said Eurostat could ignore the promise because "it's only a political commitment."

The agency also approved a reclassification of some of the debt of Italy's state-owned railroad that will shave the deficit by an additional 3.7 trillion lire, or 0.2 percent of GDP.

The measures play an important role in Rome's plan to reduce its deficit to the single-currency ceiling of 3 percent of GDP this year, from 7 percent in 1996.

Some of the controversy surrounding Eurostat has eased since the France Telecom decision because of agency efforts to increase consultation with national accounting experts.

In addition, the spotlight has shifted from accounting to the state of Europe's economy, with the recent surge in German unemployment raising new doubts about the ability of Bonn and other capitals to meet the criteria.

In Rome, Mr. Prodi's coalition has been shaken in recent days by divisions over the possibility of a mini-budget to reduce the deficit by an additional 15 trillion lire this year to offset the impact of slow growth on the government's finances.

Prodi: Italy Will Be Ready

Mr. Prodi warned Germany on Friday that it had no right to ignore Italy in the drive for European integration and vowed that Rome would be ready in time for the launch of a single currency. Reuters reported from Rome.

In an impassioned speech to a congress of the Democratic Party of the Left, the biggest partner in his coalition, Mr. Prodi said Italy represented the Mediterranean south of Europe and was vital to the Continent's future.

"Europe is not just about a currency, it is impossible to think of Europe cut off from its great Latin culture," Mr. Prodi said.

"German culture cannot represent by itself all of Europe."

He warned of dire consequences if Italy were excluded.

He said that if Italy were not in the first group of countries to qualify for monetary union, "our currency would come under assault, our economy would be defenseless, our international credibility would be diminished."

Paris Delays Presenting Credit Lyonnais Rescue Plan

Compiled by Our Staff From Dispatches

PARIS — France announced Friday it was delaying for more than a month a new rescue plan for Credit Lyonnais, the latest setback to government efforts to put the troubled state-owned bank on its feet.

France's economy minister, Jean Arthuis, said a new restructuring plan for Credit Lyonnais would not be presented to the EU until the end of March.

Mr. Arthuis said he had been in contact with the EU competition commissioner, Karel Van Miert, in the past few days "and we have agreed to make some corrections and additions" to this plan.

Mr. Arthuis said the restructuring plan was aimed at restoring profitability at Credit Lyonnais and at privatizing the bank within two years, "by the end of 1998 or the start of 1999."

France, which was expected to seek

European Commission approval for its third rescue attempt in four years, has refused to put a price tag on the package that should prepare Credit Lyonnais for privatization.

But the commission, which only two years ago approved 45 billion francs (\$7.9 billion) in aid for the bank, has estimated that up to 30 billion francs may be needed to put the once "grand old lady" of French banking back on an even keel.

The plan for more state aid by Credit Lyonnais, which briefly became the biggest bank outside Japan during the 1980s, comes amid reports it is headed for a spectacular profit rebound this year.

This has provoked fury from rival Societe Generale which has called for a "controlled liquidation" of the bank, saying the taxpayer should not pick up the tab for its losses.

The profit recovery is also expected

to provoke tough questions from the EU, which has already said it is alarmed by the vast amounts of public money poured into the bank.

Mr. Van Miert is also believed to be worried about complaints that the new aid would be a severe distortion in the fiercely competitive financial sector.

The crisis has forced the government, struggling to ready France for monetary union, to confront Paris's traditional way of doing business in which the state has played a dominant role.

"I hope this revolving experience will pass the message to the nation that the state should not be a shareholder," Mr. Arthuis said this week.

Credit Lyonnais launched its ill-fated expansion drive under the previous Socialist administration, which was keen to ensure French banks could compete against their international rivals.

"The French banking system is a nonprofit making system," Jean-Bap-

tiste Bellon, analyst at Deutsche Morgan Grenfell, said. "A very old culture of doing banking like an administration."

Now, the center-right government is determined to end the drain on public funds through a big program of privatization. The government pledged to privatize the bank as soon as possible but it needs to put fresh money into it first to make it salable.

But no one knows the ultimate cost of the rescue of the bank, known as "Crazy Lyonnais" in its lending heyday.

"We will not know this for many years," Mr. Arthuis said. Some officials say the bill could top 100 billion francs.

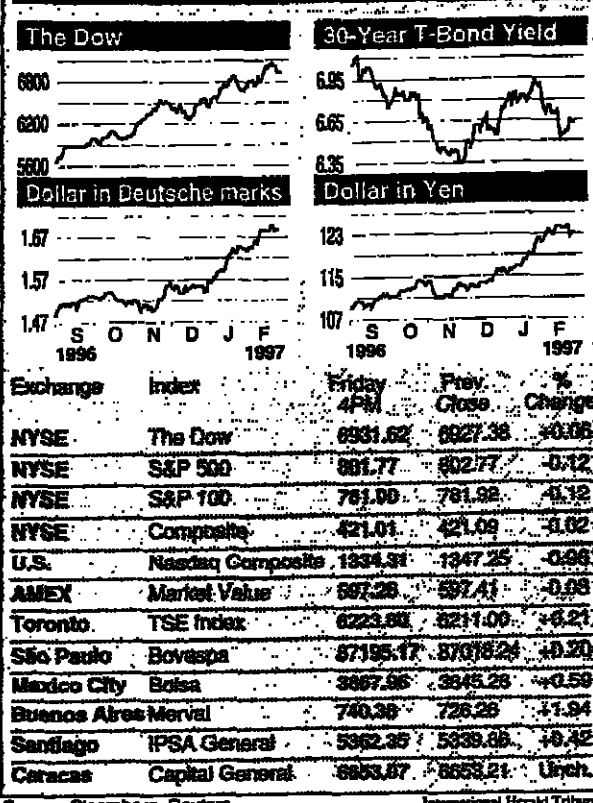
In funding the bank — the worst of a series of state companies needing state cash — the government must avoid increasing its budget deficit, which must be reduced to 3 percent of gross domestic product this year to qualify for European monetary union. (Reuters, AFP)

CURRENCY & INTEREST RATES

Cross Rates										Libid-Libor Rates										Key Money Rates									
Feb. 21										Feb. 21										Feb. 21									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	SGD	THB	1-month	3-month	6-month	1-year	2-year	3-year	4-year	5-year	10-year	15-year	20-year	25-year	30-year							
American	1.00	0.93	0.78	110.00	0.75	0.65	7.75	1.35	35.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
British	1.28	1.00	0.83	140.00	0.80	0.70	8.50	1.45	45.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
French	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
Forward	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
London (A)	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
Madrid	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
Milano	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
New York (B)	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
Paris	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
Tokyo	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
Thailand	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
Zurich	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50							
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100% 100%	1.66	1.25	1.00	166.00	1.00	0.83	10.00	1.66	166.00	5.50																			

THE AMERICAS

Investor's America



Very briefly:

Kmart and Ally Sell Mexico Stores

TROY, Michigan (Bloomberg) — Kmart Corp. and El Puerto de Liverpool SA said Friday that they were selling their Mexican retail joint venture to Controladora Comercial Mexicana SA for \$148.5 million in cash.

The venture, Kmart Mexico SA, consists of three Mexico City hypermarkets and one in Cuernavaca. CCM will operate a fifth store, in Puebla, which is to open next quarter, Kmart said, but it was not clear if it would own that store as well.

The company said the stores had good sales but were being sold because Kmart intends to focus on its U.S. operations. CCM operates Mexico's second-largest retail chain. It also holds 50 percent of a 13-store venture with Price/Costco Inc.

• The United States and Britain reported progress in a three-day round of talks toward a new, free-market "open skies" aviation agreement.

• General Motors Corp.'s 72,000 salaried U.S. workers will get larger profit-sharing payments this year than the \$300 given to each union worker. The automaker said the higher payment, the first ever, would spare white-collar workers the effect of strikes last year that temporarily shut down several plants.

• Texaco Inc.'s \$176 million settlement in a race-discrimination suit will stand, a federal judge ruled in refusing to reopen the case to hear from lesser-paid black employees who argued that they should have been included.

• Air Canada reported a loss of 18 million dollars (\$13.2 million) for the fourth quarter, against a loss of 12 million dollars a year earlier, because of high fuel and aircraft maintenance costs. Sales rose 11 percent to 1.21 billion dollars.

• Alan Greenspan, chairman of the Federal Reserve Board, has endorsed legislation in Congress to reduce government regulation of derivatives and financial futures markets.

• American Stores Co. is buying back 12.2 million shares of its common stock at \$43 a share from the family of the former chairman, L.S. Skaggs.

Bloomberg, AP, Reuters

Blanket of Uncertainty Settles on Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Stocks finished little changed Friday amid investor uncertainty about the near-term prospects for the market.

The Dow Jones Industrial average closed up 4.24 points at 6,931.62, while gains in some sectors were offset by losses on the New York Stock Exchange. The Standard & Poor's 500-stock index fell 1.03 points to 861.77.

Stock prices may already reflect even the most optimistic outlook for profits and economic growth in 1997, analysts said. The Dow has gained 7 percent this year, after surging about 28 percent last year.

"The bottom line is, this is going to be a volatile year as people try to react following the run-up that we

have seen in the past two years," said Stefan Cobb, money manager at Sirach Capital Management.

Weakness in computer and tobacco issues was offset by higher Treasury bond prices, which in turn got a lift from a stronger dollar.

The dollar's resiliency reassured traders that Japanese investors — among the biggest buyers of Treasury securities in recent years — would not pare their purchases.

The price of the benchmark 30-year bond rose 8/32 point to close at 99 28/32, taking the yield down to 6.63 percent from 6.66 percent Thursday.

The market also was underpinned by news that Goldman, Sachs & Co.'s widely watched investment strategist, Abby Cohen, said she

continued to be "optimistic" that stocks would keep on rising.

In a research report to be published next week, portions of which

U.S. STOCKS

were released to Goldman employees Friday, Ms. Cohen went on record as saying the S&P 500 might rise to 850 points by March 1998.

"Future stock price increases will be supported by resilient corporate profits, modest inflation, and the expectation that economic growth will continue for a considerable length of time," she said.

Tobacco companies fell on concern that a settlement of health-related suits was still far off. Philip Morris lost 1/4 to 129 1/4 and RJR

Nabisco Holdings fell 1/4 to 37 1/4.

The catalyst for the selling was a report that a former Philip Morris chemist, said a company official, had found in the 1980s to destroy findings of higher-than-expected levels of a suspected carcinogen in Virginia Slims cigarettes.

The recent comes a day after Michael McCurry, President Bill Clinton's spokesman, said the White House was monitoring the talks between tobacco companies and attorneys for smokers and 22 states that are suing to recover public money spent treating smokers' illnesses. Mr. McCurry said the administration would consider any proposals that would cut youth smoking.

"The market overreacted to what was good news," said Martin Feldman, an analyst at Smith Barney Inc. "There has been a realization that a settlement isn't imminent."

High-tech issues fell amid concern that leading computer-industry stocks may have overvalued their companies' immediate earnings potential. Intel dropped 3/4 to 146 1/4 and Cisco Systems fell 1/4 to 58 1/4.

"Just like Intel a year ago where people were worried about gross margins, people are looking at gross margins the same way today," said Bob Finch at Aelius Investment Management.

Physician Corp. of America plunged 4 to 5 1/4 after the company said it would take an \$80 million charge against fourth-quarter earnings for claims from workers' compensation policies it issued.

(Bloomberg, AP)

BORROW: Yen Keeps Falling as Investors Pump 'Free' Money From Japan to Lands of Higher Rates

Continued from Page 9

commercial banks for overnight funds, stands at a record low 0.1 percent, and the rate for overnight funds secured with bonds has often hovered below that level. Factor in an inflation rate of 0.5 percent, and borrowed funds here are in theory not merely free, but offer a dividend.

By comparison, 10-year United States Treasury notes have been yielding 6.25 percent to 6.5 percent, so that over the last year, a cross-border investor borrowing under long-term arrangements with Japanese banks has made a nice profit, not even counting foreign-exchange gains when switching back from dollars to yen to repay the loan.

When rates in Japan were lowered in September 1995, econ-

omists expected the easy monetary policy to be temporary, lasting just long enough to help the ailing Japanese banks pull themselves out of a morass of debt.

But the policy has largely persisted, and any rise in interest rates now could crush the chance of economic recovery. So economists say that in the near future they do not expect a rate increase, which would be one of the few effective ways to begin stemming the yen's decline. If interest rates remain low, investors are more likely to turn to Japan as a steady source of cheap funds.

Asset prices in Japan remain remarkably high by international standards. Still, certain prices may be equalizing a bit between what is charged in New York and in Tokyo. Using the Big Mac index, an idea

introduced by The Economist magazine, the equilibrium exchange rate, known as purchasing-power parity, for the yen has fallen far enough, at least in terms of the Mac-

FOREIGN EXCHANGE

Donald's Corp. hamburger. A Big Mac in Tokyo costs 280 yen, or \$2.28 at the Friday rate there, well below the price of a Big Mac in Manhattan, which can run \$2.89.

Yet some economists say that if Japanese policymakers want to stimulate the economy, they have few options but to let the yen slide.

The problem is that a weak yen increases exports, crimps imports and could ultimately raise the current-account surplus, the bounty earned when a country exports more

than it imports. While the increase in Japan's trade surplus plummeted in January, exports were strong, suggesting that the surplus may soon widen again. That would probably lead to a stronger yen and risk new trade friction with the United States.

"We've been on this route before," Richard Koo of Nomura Research Institute said. "Now, Japanese government officials realize how dangerous all this can get."

Rubin: No G-7 Targets

Robert Rubin, the U.S. Treasury secretary, said Friday the Group of Seven industrialized countries do not target specific foreign-exchange levels through their policies, nor do they seek to "sustain artificially an undervalued currency," news agencies reported.

In the Treasury Department's annual report to Congress on exchange-rate policy, Mr. Rubin also warned Japan that its tighter fiscal policy in 1997 could hurt domestic demand and constrain growth.

In looking at the main U.S. trading partners around the world, the Treasury concluded that none of those partners manipulated its currency artificially to gain a competitive advantage during the period from April to October.

The dollar was at 1.6891 Deutsche marks at 4 P.M., up from 1.6835 DM on Thursday. The dollar also rose to 123.265 yen from 122.455 yen and to 5.7005 French francs from 5.6840 francs. It fell to 1.4717 Swiss francs from 1.4740 francs. The pound rose to \$1.6190 from \$1.6114.

(Bridge News, Bloomberg)

Disney Union Members To Oppose Eisner's Pay

Bloomberg News

ANAHEIM, California — Walt Disney Co. union members who own Disney stock said Friday they would vote against Chairman Michael Eisner's proposed pay package and back a measure to more closely link executive pay to performance.

More than 800 members of the Communications Workers of America, who own about 650,000 shares, will vote on the measures at Disney's annual meeting Tuesday, the union said.

Investors have targeted Disney since President Michael Oltz was awarded cash and stock options valued at as much as \$128 million when he left Disney in December after a year on the job. Shortly after, Mr. Eisner signed a contract for stock options worth about \$200 million to go along with an annual salary of \$750,000 and possible bonuses of \$15 million. About 20 investment groups plan to oppose the pay package, the Council of Institutional Investors said.

INTERNATIONAL FUTURES

Feb. 21, 1997

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10,000 bushels, cents per bushel

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EUROPE

UBS Posts First Loss In 84 Years But Bank Expects Profit to Rebound

Compiled by Our Staff From Reuters

ZURICH — Union Bank of Switzerland reported its first loss in its 84-year history on Friday because of a one-time provision for credit risks, but it said it expected earnings to rebound this year as a reorganization took hold and the Swiss economy improved.

UBS, the biggest bank in Switzerland, posted a net loss of 348 million Swiss francs (\$236 million) in 1996, less than analysts had expected, after a 1995 profit of 1.68 billion francs. The bank had made a provision of 3 billion francs for bad loans over the next few years and a provision of 120 million francs for restructuring in Switzerland. That is in addition to a regular provision for loan losses of 1.4 billion francs.

The bank blamed six years of sluggish performance by the Swiss economy for the special loan provision, but said that restructuring would turn it into a world power in the management of personal and institutional fortunes.

Switzerland's other two big banks — Credit Suisse and Swiss Bank Corp. — are also expected to report losses because of special credit provisions.

UBS said its operating results were good, with cash flow rising 21 percent to 4.3 billion francs in 1996 from 3.6 billion francs a year earlier. Mathis Caballavetta, chief executive of UBS, said the bank had gotten off to a "good start" this year and hoped to report profit of more than 2 billion francs in 1997.

Mr. Caballavetta, who took office in March, also said that the bank would "aggressively" expand asset management and investment banking operations at home and abroad, and repeated that "selective" purchases could not be ruled out.

In 1996, profit from trading activities rose 26 percent, to 2.178 billion francs, while income from commissions and services rose 22 percent, to 4.866 billion francs. UBS bearer shares closed up 2 francs, at 1,298.

(Bloomberg, AFP, AP)

French Economy Is Better but Fragile

Bloomberg News

PARIS — French factories produced more than expected in December and companies created more jobs in the fourth quarter, signaling the fragile recovery may be taking hold, data released Friday showed.

The figures, combined with optimistic forecasts this week from companies such as steelmaker Usinor Sacilor SA, raised expectations for stronger economic growth in 1997.

The government expects gross domestic product growth of at least 2.3 percent after an estimated 1.3 percent last year. Some other forecasters, including the Organization for Economic Cooperation and Development, see even higher growth.

"There's an undeniable acceleration in economic growth," said

Patrick Mange, an economist at Deutsche Bank. "This could be further supported by the rise in the dollar."

December manufacturing production rose 0.8 percent from November, the official Insee statistics office reported Friday, the first rise in four months.

The Labor Ministry said, meanwhile, that companies unexpectedly increased the number of new jobs by 0.1 percent in the fourth quarter. While job increases came solely from the service industry, rising earnings at manufacturers indicated they could be poised to hire, too.

"The figure is a big surprise,"

Frank Sedillot, an economist at Caisse Nationale de Credit Agricole, said referring to the jobs report. Most economists had not expected a recovery in the jobs market before this summer.

Strong growth is crucial to France's attempt to qualify for the European common currency. Strong growth would raise tax revenue and help reduce the budget deficit.

France, and other European Union countries, need to reduce their deficits to 3 percent of gross domestic product by the end of 1997 to qualify for the euro. France's deficit equaled 4.1 percent of GDP at the end of 1996.

But the recovery is still fragile. The new jobs in the fourth quarter were insufficient to reduce the jobless rate, which remained at a record 12.7 percent in December.

The French auto industry in particular remains weak. Michelin SA, a tire maker, said Friday it would shed 1,500 jobs as sales expectations French car sales will fall 10 percent this year.

On Monday, the Bank of France released a survey showing "rare" instances of companies planning to increase output, with the majority of the 12,000 respondents preferring to wait for a "more pronounced pick-up in demand."

Julian Jessop, an economist at Nikko Europe, said, "Job creation is still pathetic." The U.S. economy added 600,000 jobs in the fourth quarter, compared with 13,343 in France in the same period. In the third quarter the French economy added 13,328 jobs.

Companies are beginning to benefit from record-low interest rates and a rising dollar. The dollar closed in Europe at 5.6890 francs, up 9.8 percent since the beginning of the year, making French goods cheaper compared with dollar-priced goods on world markets.

Bonn Report Mixes Optimism With Bad News

Compiled by Our Staff From Reuters

BONN — Germany's economy probably contracted in the fourth quarter from the third, but this year it should show stronger growth, the Economics Ministry said Friday.

After clear expansion in the second and third quarters of 1996, the gross domestic product probably did not exceed the level reached in the third quarter, the ministry said in a summary of its monthly report. Compared with the fourth quarter of 1995, GDP in the final three months of last year likely had grown by "almost" 2 percent, the ministry said. It is scheduled to release precise figures in March.

But for 1997, the ministry said, a strong upturn in exports and a range of other positive factors — such as moderate wage rises, low interest rates, a further improve-

ment in corporate earnings, the weakening in the value of the Deutsche mark and a recovery in the global economy — "all point to faster growth in the German economy."

"There is no tension in the price situation in Germany," the ministry added. While the rising dollar may have increased the price of imported goods recently, it said, it foresees no notable price increases.

A strong rise in consumer prices in January was mostly due to sharp rise in temporary factors as a sharp rise in heating oil prices because of the cold winter and higher prices for seasonal foods, the ministry said.

Chancellor Helmut Kohl said Friday that there was a "real chance" the economy would grow

between 2.3 percent and 2.5 percent this year, backing down from the official forecast of 2.5 percent expansion.

Bonn is struggling to cut its budget deficit to 3 percent of GDP in the face of record unemployment, which erodes tax receipts and forces more spending on social security benefits.

A Bundesbank council member, Ernst Welteke, said Friday that he had doubts that Germany would be able to meet the 3 percent deficit limit needed to join Europe's common currency in 1999.

Unemployment is "cause for great concern," the ministry said, even after allowing for the seasonal influences of cold winter weather.

German joblessness rose a seasonally adjusted 160,000 in January, pushing the total number of

unemployed people above 4.6 million, the highest ever.

The German economy, Europe's biggest, emerged from three straight quarters of stagnation or contraction in the second quarter of 1996 and managed to grow 1.4 percent over the year.

The ministry's growth forecast for fourth-quarter GDP comes a day after the Bundesbank said economic output fell by 0.2 percent in the final three months of last year but was 1.6 percent higher than a year earlier.

Gloomier sentiment in the manufacturing sector after a "clear improvement" in the second and third quarters, as well as dampened export demand toward the end of the year, hampered fourth-quarter expansion, the government said.

(Bloomberg, AFP)

Russian Duma Backs Ban on Foreign Investment

Reuters

MOSCOW — Russia's lower house of Parliament called on Friday for a wide-ranging ban on foreign investment in key economic sectors. Deputies in the Communist-dominated State Duma voted, 261 to 10,

in a first reading to ban foreign activity in some areas involving national security, such as power supplies and telecommunications, and to limit it in others, such as oil and financial services. The proposals, contained in amendments to a foreign investment

law, would affect precious metals, production of relief maps and manufacture of nonmilitary goods in military plants, among other activities. "This law is just what is needed to stop the fragmentation of the country," Anatoli Lukyanov, a

leading Communist legislator, said. For the amendments to become law, they must be passed in two further readings by the Duma and then approved by the Federation Council, the upper body of Parliament, and by President Boris Yeltsin.

WORLD STOCK MARKETS

Friday, Feb. 21

Prices in local currencies

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Amsterdam

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Friday's 4 P.M. Close

Nationwide prices not reflecting late trades elsewhere
The Associated Press.

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[The following text is extremely faint and largely illegible due to extreme contrast and noise in the scan. It appears to be a dense block of text, possibly a list or a detailed report.]

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Continued on Page 14

ASIA/PACIFIC

Stocks Sink In Seoul on Bond Rates

Huge Corporate Debt Follows Loan Dearth

Bloomberg News
SEOUL — South Korean stocks sank Friday, led by Samsung Electronics Co., as corporate borrowing rates surged in the continuing wake of the bankruptcy of Hanbo Steel & General Construction Co.

The yield on the benchmark three-year corporate bond jumped 0.15 percentage point, to 12.47 percent, on news that companies had applied to sell three-year corporate bonds worth a total of 3.98 trillion won (\$4.63 billion) in March, a monthly record. The issues followed a setback in bank lending sparked by the collapse of the principal company of South Korea's 14th-largest conglomerate.

"People are likely to switch to other markets, such as the bond market, which have more to offer," said Baek Sung Wook of Citizens Investment Trust Co.

Analysts said customer deposits at brokerages, which provide funds for the market, would probably fall from the recent high of 3 trillion won.

Samsung Co., Ssangyong Oil Refining Co. and Hyundai Electronics Industrial Co. led applications for bonds.

"The record application reflects the fact companies are encountering difficulties securing bank loans," said Hong Seung Do, a Finance Ministry official.

The benchmark Korea Composite Stock Price Index of 782 companies fell 24.41 points, or 3.43 percent, to 686.72, its sharpest drop in a month.

Higher borrowing costs stunt profit growth and sap consumer and industrial demand.

Samsung Electronics, the world's No. 1 maker of semiconductors, fell 3,600 won to 53,000 after officials said the price of dynamic random access memory chips had risen 60 percent, to \$10 each, from a record low. The company had scaled back production to bolster prices.

Banking shares tumbled for a second day after Moody's Investor Service Inc. cut credit ratings for several top banks, citing an "egregious lack of lending judgment."

Korea First Bank, the prime creditor of Hanbo Steel, fell 40 won to 3,680. Korea Exchange Bank fell 300 won to 6,500.

U.S. and Japan on a Collision Course

By Sonni Efron
Los Angeles Times Service

TOKYO — A smoldering dispute over alleged unfair treatment of foreign shipping companies in Japanese harbors threatens to provoke tough U.S. sanctions and could become an irritant during Secretary of State Madeleine Albright's first visit to Tokyo, on Sunday.

The U.S. Federal Maritime Commission is threatening to impose penalties of up to \$100,000 for each Japanese vessel calling at American ports in retaliation for what it calls discriminatory practices by the Japan Harbor Transportation Association. Japanese officials hinted this week that stiff American fines might prompt Japanese shipping companies to slash the number of carriers heading for U.S. ports, or to unload their cargo in Canada, bypassing the California ports of Long Beach, Los Angeles and Oakland, where most of Japan's container ships now call.

Though Japanese cargo accounts for close to half the goods entering West Coast ports, U.S. officials said any retaliation against such sanc-

tions would be limited by Japan's heavy economic reliance on exports of goods to the United States.

"This is a very serious problem, and depending on how it is handled it could have a significant effect on Japanese-U.S. relations," a Japanese Foreign Ministry official said.

Like many trade fights between the U.S. and Japan, the two countries cannot even agree on the nature of the port problem.

Japanese officials have already protested the "unilateral" and "unfair" complaint by the U.S. maritime agency. The United States is relying on the Federal Maritime Commission, which in November proposed sanctions against Japan and could rule on the matter at any time, now that a 60-day comment period has ended.

The commission met Wednesday but delayed a decision on whether to impose the sanctions. American sources here suggested the matter was delayed so as not to complicate Mrs.

Albright's visit. Like many trade disputes between the United States and Japan, the two countries cannot even agree on the nature of the port problem.

While the Japanese conceded their ports are cumbersome and need streamlining, they say the system is still better than any other for ensuring smooth port operations and labor peace on the waterfront.

Americans and Europeans see the Japanese system as a government-sanctioned cartel that micro-manages how shipping companies can run their operations, protects its Japanese members from foreign competition and

forces its customers to absorb the highest costs in the world. According to the Japan Foreign Steamship Association, it costs a container ship \$36,750 to call at Yokohama, compared with \$12,350 at Long Beach and only \$5,463 to dock in Hong Kong.

Three companies targeted by the maritime commission — Kawasaki Kisen Kaisha Ltd., Mitsui O.S.K. Lines Ltd. and Nippon Yusen Kabushiki Kaisha — say sanctions would cost them up to \$4 million a month.

Ssangyong Seeks New Partner

Korean Automaker Admits Problems With Mercedes

Compiled by Our Staff From Dispatches
SEOUL — Ssangyong Group, one of South Korea's largest industrial conglomerates, said Friday it would seek a new foreign partner and take other "drastic" measures to revive its loss-making auto business.

The move reflects a troubled relationship with Mercedes-Benz AG, a unit of Daimler-Benz AG, which owns 3 percent of Ssangyong Motors Co.

The group recently formed a special task force to "have group companies render full support to Ssangyong Motors," said Paek Seung Min, a group spokesman.

The Ssangyong Group chairman, Kim Suk Joon, on Thursday rebuffed speculation that the Samsung Group, the country's largest industrial group, would buy the debt-ridden auto unit. Mr. Kim said Ssangyong Motors is not for sale.

The jeep and truck manufacturer, which posted a loss of 126 billion won (\$147 million) in 1995, will return to profit within two to three years, Mr. Kim said. The company recorded a 90 billion won loss in the first six months of last year.

The Ssangyong Group, the country's fourth-largest automaker, has more than 3 billion won of debt because of slow sales and huge investment in expansion in recent years.

The spokesman said Ssangyong was looking for a new foreign partner that can "help normalize the automaker's management," admitting his company's relations with Mercedes-Benz are "not smooth."

Ssangyong's relations with Mercedes will not have to be severed after it finds a new partner, the

spokesman said. The German automaker, which owns 3.62 percent of the South Korean carmaker, also has a technology cooperation agreement with Ssangyong for the manufacture of the Korean company's jeeps.

The Ssangyong Group has 22 member companies whose total annual sales amount to \$34 billion. It has business interests in cement, oil refining, heavy machinery, finance and trading.

Recently, Ssangyong Oil Refining Co. raised its stake in Ssangyong Motor by 8 percentage points to 33.33 percent to ward off takeover attempts.

"We will do all we can to turn a profit by the year 2000," said Cho Min Kyung, a Ssangyong Motors spokesman. "Development of new models will be an essential part of our pursuits."

To help the company return to profit, union workers declared in January that they would accept a wage freeze and give up all negotiation on working conditions until the firm turns a profit.

Part of Ssangyong's strategy will be to differentiate itself through quality and not compete on a mass-production basis.

The strategy worked four years ago when Ssangyong rolled out its Musso utility vehicles equipped with engines developed by Mercedes.

The model was well received by local drivers, whose access to foreign cars is limited by high taxes. In July 1995, Ssangyong rolled out Istana vans, also built with Mercedes technology.

Ssangyong said it would also seek technical help from the German company to develop an export model aimed for marketing in Asia.

(Bloomberg, Reuters)

Nintendo to Cut Prices of Games

Bloomberg News
TOKYO — Nintendo Ltd. said Friday it would reduce the retail price in Japan of its most advanced game machine, the Nintendo 64, by a third and trim the price of new games by more than 10 percent.

The company also raised its forecast for pretax profit to 100 billion yen (\$805 million) for the year ending March 31, from 85 billion yen previously, if the dollar stays at around 123 yen.

The company will lower the retail price on the Nintendo 64 home video-game machines in Japan to 16,800 yen from 25,000 yen beginning March 14.

Nintendo has sold nearly 4 million Nintendo 64 game machines worldwide, 1.85 million in Japan and 2.14 million in the United States. The machine went on sale June 23 in Japan and Sept. 29 in the United States.

Nintendo is battling Sony Corp., which makes the PlayStation, and Sega Enterprises to stay on top of Japan's increasingly competitive game market.

For Nintendo, the move is expected to lead to higher profit in the next few years, said Reinier Dobbelaan, an analyst at SBC Warburg Japan Ltd.

"Even if they make less on hardware sales, they'll easily make up for it on higher software volumes," he said. "It's the software where they make the money."

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
15000	2200	20000
14000	2100	19000
13000	2000	18000
12000	1900	17000
11000	1800	16000
10000	1700	15000
9000	1600	14000
8000	1500	13000
7000	1400	12000
6000	1300	11000
5000	1200	10000
4000	1100	9000
3000	1000	8000
2000	900	7000
1000	800	6000
0	700	5000
Exchange	Index	Index
Hong Kong	Hang Seng	18,444.85
Singapore	Straits Times	2,241.28
Sydney	All Ordinaries	2,476.30
Tokyo	Nikkei 225	19,034.54
Kuala Lumpur	Composite	1,282.86
Bangkok	SET	747.70
Seoul	Composite Index	686.72
Taipei	Stock Market Index	7,791.19
Manila	PSE	3,301.98
Jakarta	Composite Index	696.50
Wellington	NZSE-40	2,301.53
Bombay	Sensitive Index	3,438.48
Source: Telekurs		International Herald Tribune

Very briefly:

- Watson's, the retail chain owned by Hutchison Whampoa Ltd. of Hong Kong, plans to open more than 30 stores in Taiwan this year. It already has 130 stores there.
- Toshiba Corp. has developed a miniature inspection robot that can identify and collect foreign objects within piping as narrow as one inch (25 millimeters).
- Showa Shell Sekiyu KK said poor retail prices for oil products and strong crude prices lowered 1996 profit by 36 percent from a year ago to 12.18 billion yen (\$98.1 million).
- George Town Holdings Bhd., based in Malaysia, said it had agreed to acquire Swiss bank group Banque Financière de la Cite and BFC Bank (Cayman) Ltd.
- Fidel Ramos, president of the Philippines, approved contracts to run the country's waterworks system to two private groups: a consortium of Bechtel Enterprises Inc. of the United States, United Utilities PLC of Britain and Ayala Corp. of the Philippines, and a consortium of Lyonnaise des Eaux de France and Benpres Holdings Corp.
- PT Astra International said its newly appointed president commissioner, Mohammed (Bob) Hasan, has persuaded Toyota Motor Corp. to raise the local content of its Indonesian-made cars.

AFP, Bloomberg, Reuters

IMF Tells Hanoi to Expand Reform

Agence France-Press

HANOI — Vietnam must broaden financial reforms and provide sound economic management to safeguard its external sustainability, the International Monetary Fund said in a report obtained here Friday.

"Despite many achievements in economic reform," it said, "important elements of a well-functioning market system remain to be established." Among weaknesses cited were excessive state intervention in the private sector, a profusion of rules, an inadequate legal framework, insufficient domestic savings and an underdeveloped financial system.

Asia Poses Risk for Banks In Singapore

Bloomberg News

SINGAPORE — Moody's Investors Service Inc. said Friday that Singapore's banks could run the risk of having their credit ratings downgraded if there was a sharp slowdown in economic growth in Asia.

"It would have to be quite a downturn, but it could happen," said Lynn Exton, a vice president of Moody's Asia Pacific.

"For the immediate term of 12 months, there's no risk," she said. "If the cycle turns in Indonesia, Malaysia, Vietnam, China and the Philippines, the Singapore banks could be hurt."

Ms. Exton did not explain how significant the economic slowdown would have to be to trigger a downgrade.

Singapore's largest banks, including the Development Bank of Singapore Ltd., Oversea-Chinese Banking Corp., Overseas Union Bank Ltd. and United Overseas Bank Ltd., have expanded to lift profit outside of the small Singapore market.

YUAN: Tough Choices for Deng's Successors

Continued from Page 9

economic challenges. Mr. Jiang and Mr. Li probably understand the technical issues about the economy better than did Mr. Deng, and they are acutely aware that a vibrant, flourishing and progressing economy is the core of their legitimacy.

But they may not have a strong enough political will, the discipline, or the mandate to carry out unpopular measures. Moreover, if the Chinese leadership is divided, neither Mr. Jiang nor Mr. Li may have the ability to break the impasse.

There is a cast of characters surrounding Mr. Jiang and Mr. Li in the collective leadership, and one or another of them may be potentially daring and shrewd enough to emerge as a kingmaker.

One leader who sometimes has demonstrated a flair for the bold is Zhu Rongji, a deputy prime minister who is often considered China's new economic czar.

He helped steer China's overheated economy to a soft landing in recent years, curbing inflation without choking growth.

Indeed, with Mr. Deng gone, some economists like Mr. Lardy say there may be possibilities for faster or more substantial progress to be made if well-informed, better-trained technocrats are allowed to proceed with restructuring.

China's economic successes have been

phenomenal. But along with this wealth has come signs of the evils of 19th-century industrial capitalism in the West. Fly-by-night companies in China often produce dangerous products, families send their children to sweatshops instead of schools, inequalities are expanding, and the get-rich-quick mentality creates its own excesses.

When in the late 1980s, word got out that AIDS had created a huge demand for disposable rubber gloves in the West, scores of tiny Chinese factories rushed to manufacture gloves for export. The result was that China's production of rubber gloves exceeded the worldwide demand, and prices plunged and factories went bankrupt.

Mr. Deng was perhaps not courageous enough to confront the most troublesome remnant of communism: the inefficient state sector and the circle of financial and systemic problems surrounding it.

"I think there were some things that it was harder to raise and debate openly while he was still alive," said Robert Kanap, president of the U.S.-China Business Council.

China's state sector used to be the core of its economy, but now it is draining the economy dry, Mr. Kanap added. Loans to inefficient state-owned enterprises have doubled as a percentage of gross national product, according to Mr. Lardy.

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THE WORLD'S DAILY NEWSPAPER

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Most-traded National Market
of dollar value, updated twice
The Associated Press.

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Friday's 4 P.M. Close
(Continued)

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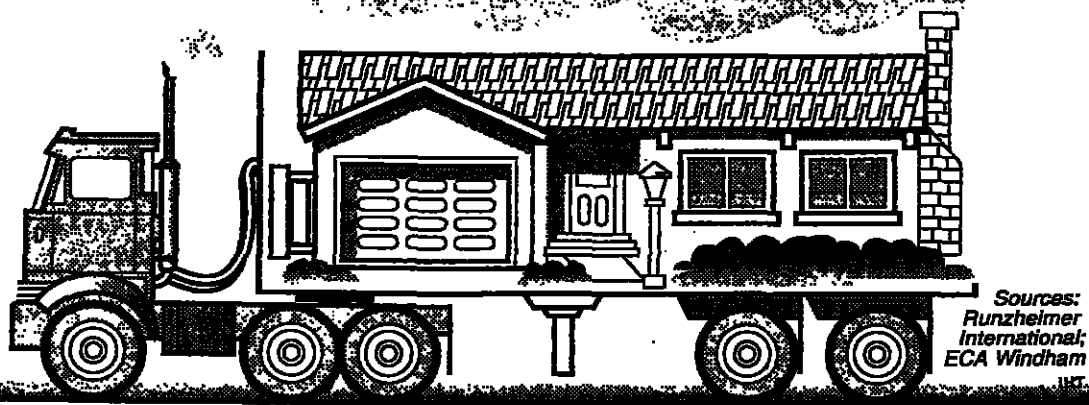
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International Housing and Living Costs

Annual cost of living for a family of two accustomed to living in the United States on \$75,000. In thousands of dollars.

Rental housing costs for an expatriate family of two, including utilities, in U.S. dollars, January 1997.

Tokyo	\$160.0	Sydney	\$70.4	Hong Kong	\$9.944	Paris	\$40.00
Seoul	155.0	Barcelona	65.7	Tokyo	8.480	London	3.813
Moscow	124.2	Melbourne	55.2	Beijing	7.220	Mexico City	2.700
London	87.2	Los Angeles	50.5	Singapore	5.200	Manila	2.241
Rome	79.9	Mexico City	50.0	Sao Paulo	5.000	Frankfurt	2.241
Helsinki	78.1	Atlanta	50.0	New York	5.000		
Munich	75.2	Montreal	50.0				



Sources: Runzheimer International, ECA Windham

A Home Left Is Not a House Lost

Options for Expatriates Who Hang On to Their Residences

By Judith Rehak

THE INS AND outs of finding a new residence in an unfamiliar country and culture are understandably one of the most important concerns of expatriate life, but dealing with the home that is left behind can be just as crucial — and, if mishandled, aggravating and costly.

Although some expatriates sell their homes when they are posted abroad, far more hang on to them. Often, their homes are their most valuable assets and a way of keeping a foothold in the local real estate market, especially if prices are soaring. But what happens to those homes in their absence usually depends on their companies' policies, or lack thereof.

American expatriates are arguably in the best position.

"The majority of companies will pay a broker's commission to rent the house and an ongoing management fee," said Eric Stern, a senior vice president with Windham International, a relocation firm based in New York.

Windham's services include reviewing prospective tenants for financial suitability, inspecting property, collecting rent and paying bills. On the East Coast of the United States, such a service might cost about \$3,500 a year, plus a commission of one or two months' rent for finding a tenant.

John Arcario, vice president of the global services division of Coldwell Banker, an international real estate concern, deals mostly with Fortune 500 companies. He described the range of his firm's programs as "Chevy to Cadillac," starting with simply helping to find a tenant to full service, or ongoing management.

"Companies are leaning more to full service than less," he said, noting that many have concluded that it saves money in the long run. "They want employees to be productive and not distracted by house problems in their old location."

By contrast, at Douglas & Gordon, a London real estate agent that manages properties for British expatriates, the client is usually the home owner and is often footing the bill for finding a renter and property management. Douglas & Gordon charges 5 percent of the rent to manage a property, but some London firms ask as much as 7 percent.

"We offer peace-of-mind service," said Angus Fanshawe, who oversees rental-property management. "We have close relations with plumbers, electricians and washing machine repairmen, and we get competitive pricing, which, if you're living in Singapore, you can't do."

Though some balk at the cost of professional management and extra loss-of-rent insurance, such policies prove their value most when disaster strikes.

Mr. Fanshawe recently dealt with a situation in a London suburb where a French family was renting a house owned by a British expatriate living in New York. The tenants returned from a Christmas vacation to find the house flooded from a leak in the attic. Mr. Fanshawe marshaled workers and insurance adjusters and managed to keep the tenant in the house during the work, avoiding substantial hotel bills.

A troublesome situation for expatriates can arise, he said, when they try to save money by finding a tenant themselves and then recruit a friend or relative to do it-yourself landlords.

"Then they can't cope when they start getting late-night phone calls saying the heat isn't working, and tenants threaten not to pay," Mr. Fanshawe said. "That's when we get called in."

Japanese expatriates are less likely to encounter such problems. Japanese companies typically offer to pay what is called company rent for an employee's home and then look after it in their absence. This option is taken by about 80 percent of expatriates, according to Toshio Nirei, president of Yokogawa ORC, a Tokyo relocation firm.

The rent is below the market rate, but the plan has a distinct advantage: the house remains vacant, avoiding hassles with renters, and employees can move back in as soon as they return.

BUT IF COLLECTING a fatter rent check is the prime objective, a Japanese expatriate will probably go to an agent to find a tenant who will pay a market rent. Mr. Nirei said. The downside of this method is that the owner may not be able to move back into the house immediately if there is an unexpected transfer back to Japan.

"The tenant is protected," Mr.

Nirei said, adding that in "worst-case" situations, the employee's company would help to rent another residence for the owner until things were sorted out.

Renting out their home-country residence as quickly as possible, at the maximum rent, is an objective of most expatriates. But success also depends on their attitude, say real estate brokers, who grumble about penny-pinching owners who refuse to spend money on a fresh coat of paint, a universal impetus for a speedy rental. In Britain, a reluctance to install modern appliances is another deterrent.

"If you don't have a decent stand-up shower, you'd better put in one or two, and also every known dryer, microwave and freezer," said Elizabeth van Ammel, an associate director at Douglas & Gordon.

David Deane of Karen Deane Relocations, who helps arriving expatriates settle in London, agreed.

"We've had protracted negotiations over putting in a separate laundry dryer," he said. "It just delays rental income and then the landlord has to buy it anyway."

REAL ESTATE AGENTS offer another bit of advice for returning expatriates: Be realistic about a certain amount of wear and tear on your home if it has been rented and do not assume that your company will pay for it.

"It can be a little contentious when the employee moves back, because it never looks the way they remember it," said Mr. Stern of Windham. "They'll say, 'Look what the tenant did,' and often call on the company to pay the bill."

To inject a note of realism, some companies have property managers take photographs of a residence, inside and out, on a regularly scheduled basis.

With more companies globalizing their operations, relocation specialists report that their expatriate business is growing and evolving.

Mr. Nirei said that more Japanese now move to other Asian countries than to New York and London. To get closer to the booming intra-Asia business, Coldwell Banker will open an office in Hong Kong next month.

There is another trend, too, that will surely have company managers sitting down to figure out new policies: Multinationals are moving not only their own citizens around the globe, but nationals of countries in which they have affiliated operations.

Where Clients Go, Banks Follow

A New Location Doesn't Mean Breaking Old Ties

By Aline Sullivan

EVER SINCE the Romans popularized letters of credit, banks have been willing to help their wealthy clients cope with the financial strains of moving abroad. Two millennia later, global banking is taking the process a step further.

Paying bills, withdrawing cash and securing a mortgage often can be accomplished just as easily through your bank back home as via a bank in your adopted country. For many expatriates, the only reason to open a new account is to get local checks. Bankers and clients may be more sophisticated today, but the corner shopkeeper still is not likely to accept a check drawn on a bank halfway around the world.

Choosing the right bank is essential, of course. The bigger the bank, the more likely that it will be geared to expatriate needs. A small-town savings bank probably is not the vehicle to simultaneously pay a mortgage in New York, tuition bills in Britain and newspaper delivery in the Middle East. But an increasing number of institutions will do all this and more.

"We can make third-party payments anywhere in the world," said Peter Shirreffs, head of offshore banking for Royal Bank of Scotland International in Jersey. "Our premium-account clients can keep their money in any major currency and use our 24-hour banking services to pay all their bills."

About half of these clients live in Britain; the rest are based in Africa, Asia and the United States. A minimum deposit of £2,000 (\$3,220) or the equivalent in another currency is required to open a premium account.

"There is no real need to break up your existing ties," said Diego Polenghi, head of Latin American business for the Swiss bank Credit Suisse in New York. "We have facilities all around the world so clients can keep their accounts wherever they feel comfortable."

To become a Credit Suisse client, however, one must already be comfortable: The bank has a \$500,000 entry threshold for its private-banking services outside Switzerland.

Language is another reason for many expatriates to stick with their home bank or its subsidiary in their new country. "The main advantage for our clients here is that they can speak Japanese,"

said Hong Chang, a private banker at Bank of Tokyo-Mitsubishi in New York. "We run their dollar accounts and arrange transfers to and from Japan."

"But if they need credit," he added, "we would usually suggest that they go to a local savings bank, where the interest rate will be lower."

Of course, new accounts can afford access to local investments.

"We can provide different services in our subsidiaries, such as investing in U.S. mutual funds from our New York offices," said a Credit Suisse spokesman. "We couldn't do that in Switzerland."

Another reason to open a new investment account would be if further contributions to existing ones are prohibited by the laws of the new country. For example, an American resident in Britain who regularly makes payments into an offshore investment trust would not be able to continue this practice upon returning home. Such an investor could, however, freeze the investment.

Differences in national taxation laws mean that opening up a new retirement account could also make good sense for an expatriate planning a long-term stay, if only to take advantage of local tax deductions. But credit and long-term investments

are generally issues for expatriates planning lengthy and permanent stays, rather than those on temporary assignments. Most expatriates will need little more than a checkbook, and many may choose to forgo even that.

Susan Weeks, vice president of public affairs at Citibank in New York, suggested that most expatriates' day-to-day banking needs would be determined by where his or her paycheck is deposited.

"If you are paid in local currency, then you are better off with a bank in that country," she said. "But if you are paid into a bank back home, then there is little need for a new account because most local bills can be settled with a debit card."

Citibank administers a "personal banking for overseas employees" service designed to take care of U.S.-based clients' needs at home while they are working abroad. These accounts provide a debit card, on-line access to account information, a toll-free number accessible from anywhere in the world and a bill-payment service.

Checking fees are waived for clients with more than \$2,000 on deposit.

"It all depends on your time horizon," said Mr. Polenghi of Credit Suisse. "If you plan to be abroad for years, you may want to establish a banking relationship in your new country. But if the stay is a temporary one, why bother?"

Starting a New (Credit) Life

MOVING ABROAD can take years off your life — at least off your credit life. People moving to a new country are often shocked to discover that years of paying bills on time back home count for nothing abroad.

Lenders in many countries are surprisingly reluctant to delve into foreign credit histories, although international credit searches are possible. If nothing shows up, the applicant is allowed only a secured credit card or one with a small limit, and car leases and mortgages are virtually unobtainable.

Few expatriates realize that they are in this predicament. Most continue to do the bulk of their transactions

through their bank at home and open only a checking account abroad.

But for the self-employed or those establishing their company's first local subsidiary, credit can be a real issue. The difficulties can be alleviated by opening an account at the local subsidiary of your home bank or by making substantial secured deposits. A personal relationship with your banker, however superficial, also is key.

Even previously rejected credit applications will receive a stamp of approval if endorsed by the banker.

Good credit, like bad, can be acquired swiftly. Once that first elusive credit card is procured, offers of others will swiftly follow.

— ALINE SULLIVAN

A Pet Peeve May Mar That Move Abroad

ONE ASPECT of moving to Britain, Ireland, Australia or New Zealand may not necessarily break the bank but could break the heart. Quarantine regulations in these countries will force the family pet into a government-approved kennel for one to six months and cost the owners thousands of dollars.

This may be about to change in Britain, where quarantine rules are increasingly under attack, notably by the Danish ambassador, who was appalled by his dog in quarantine, and by the Hong Kong governor, Chris Patten, who is loathe to put his canine to a kennel for six months upon his return to Britain this summer.

Last month, a committee of animal-welfare and environmental organizations advised the U.K. government to consider relaxing the rules for animals entering the country from other European Union and rabies-free countries. But the British Veterinary Association still has doubts.

Other rabies-free countries have no plans to change their quarantine laws.

— ALINE SULLIVAN



A worker feeding a toucan at Heathrow Airport quarantine near London.

6 Bank Accounts, 3 Currencies, 2 Tax Bills, 1 Headache? A High-Tech Cure

By Barbara Wall

KEEPING TRACK of the household finances can be exasperating at the best of times. With a move abroad, however, the task can assume nightmarish proportions, as Sarah Rodgers discovered when she moved to Paris for her husband's job.

"During the first year, the household budget was almost impossible to manage," she said. "I resigned from my job, so we had to get used to living on one salary. To compound matters, our daily living expenses increased sharply. Although we sold our house in the U.S. and no longer had a mortgage to pay, we ended up spending more on food, utilities, rent, travel and entertainment."

"The new tax regime also presented a few problems," she added. "We were accustomed to paying income tax once a

year. In France, income tax is paid every trimester and it is generally higher than at home. Although the difference is reimbursed by my husband's employer, we still have to make sure that there is enough money in the kitty to pay the charges up-front."

If it had not been for Quicken, a computer software package by the business software specialist Intuit, Ms. Rodgers believes that she would have given up trying to balance the budget and monitor the family investments months ago.

Quicken was initially targeted at the U.S. market, but it is now available in 15 countries, including Brazil, Britain, Germany, the Netherlands, Spain and South Africa. It is the only major personal-finance program with such an extensive degree of international customization.

"We have taken the core Quicken product and looked at each country to

determine which specific features need to be incorporated," said an Intuit spokeswoman.

"The focus is generally on tax and currency issues, though occasionally we will modify the user interface to reflect the way a country tracks its finances," she added.

With Quicken, Ms. Rodgers has now adopted a routine of updating the family finances daily. With six bank accounts and 12 brokerage accounts to manage, the task can take up to an hour to complete.

"The effort involved is definitely worthwhile," she said. "I can tell at a glance what our assets and liabilities are. I also know where our money is going each month and exactly how much has been spent on specifics, such as groceries and clothing. This information can be useful if you want to

make cutbacks in certain areas."

"Quicken will help you create a realistic budget and advise you on how well you are doing each month," she added. She has no doubt that Quicken has improved her family's financial health.

"I use Quicken to prepare our U.S. income-tax returns," Ms. Rodgers said. "All the information I need can be pulled from the Quicken files and entered onto the tax form in a fraction of the time that it used to take. Last year I dispensed with the services of a tax assessor and saved the hundreds of dollars as a result."

For about \$50, you can purchase a separate tax program from Intuit that works with Quicken and files your taxes electronically. In the U.S. version, Turbo Tax investigates your Quicken program, removes the relevant tax information, completes the tax form and sends it off to

the Internal Revenue Service. Quick Tax is the British equivalent of Turbo Tax.

In the financial software market, Quicken's main competitors are Money, by Microsoft, and Kiplinger's Simply Money. All three programs cost less than \$70 and have a similar range of functions, which include household budgeting and bill-paying, estate planning and portfolio management.

Each package has its own special features. Microsoft's Money is primarily devoted to budgeting and bill-paying. It has an impressive lineup of bank and financial provider connections (58, compared with Quicken's 38) and the budgeting functions are easy to use, with many shortcuts and explanations. Money does not have as many investment functions as Quicken, but users say that as a result it is less intimidating.

If you like graphics, you will feel at home with Kiplinger's Simply Money, which reportedly has more graphs than

any competing program. It also offers quality advice on a wide range of financial topics from the editor's of Kiplinger's Magazine.

Quicken is the most popular program, with an estimated market share of 80 percent. It is constantly undergoing improvements, and PC Magazine recently voted Quicken Deluxe the best personal finance package in the United States.

Quicken Deluxe, which costs \$60, has a powerful armory of investment features. You can document investment accounts in multiple portfolios, look at current prices and evaluate the success of your stock selections. Quicken Deluxe's Investor Insight provides access to on-line investment news and research, while the Mutual Fund Finder updates mutual fund prices.

The British version of Quicken has taken a lead over its rivals in the ex-

Continued on Page 17

[illegible][illegible]

Other Funds

[illegible]

The date "this Date" in the list above ("the List") is the NAV applied by the fund groups ("the Fund Groups") listed therein. The data is delivered by each Fund Group to Microcap SA (Tel Paris 33-1-40-28-09-00), collected and reformatted into the List and then transmitted by Microcap to INT. Microcap and INT do not warrant the quality or accuracy of the List. The Data of performance of funds of the Fund Groups and will be liable for the List, the Date of Fund Groups to any extent. The List is not and shall not be deemed to be an offer by INT or Microcap or an assurance of investments of any kind. Investors must act on their own. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent adviser before investing.

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THE MONEY REPORT

Stock Market Bulls Insist That This Time, for the First Time, It IS Different

TO VETERANS WHO have been through the bear markets, the scariest four words in investing are: "This time it's different." Everyone has certainly heard a bullish friend say: "Yes, stocks are high, and, in another era, we'd be headed for a bad correction. But this time it's different."

Another word you hear from this crowd is "unprecedented." Eugene Peroni, director of technical research at Janney Montgomery Scott Inc., in Philadelphia, recently said: "This market has unfailingly been able to defy mass consensus and historical precepts. It is simply an unprecedented market that's making historical inroads."

Why? Rationalizations are legion. The most popular is demographics: Baby boomers, thinking about retirement at last, are throwing huge amounts of cash into stock mutual funds — \$24 billion last month alone. Fund man-

agers have to put this money to work right away, so, in their haste to buy, they bid up prices of stocks.

These are unprecedented times, goes the logic. After all, the Dow Jones industrial average has not fallen 10 percent in six years — while, on average, the Dow has taken a drop of that size in every 18 months since 1900, according to James Stack, editor of the InvestTech newsletter. He also notes that the Dow has fallen at least 40 percent an average of every nine years, but we have not had a decline of that size since 1974.

But investors with long memories believe that the this-time-it's-different reasoning is bunk. If stocks have not fallen in a long time, they will — and hard. It is never really different, but just before a steep fall (or a protracted bear market), you keep hearing over and over that it is.

Maybe I have become too exuberant, but I am beginning to wonder whether

the "different time" advocates might be right. While I am not convinced by the baby-boomer mutual-fund argument, there is another explanation that makes sense. Take a look at the argument that this time is not different. It is simple: Stocks are overpriced. One

JAMES GLASSMAN ON INVESTING

indicator of a stock's value is the ratio of its price to the company's earnings per share. The current average P/E ratio for the companies in Standard & Poor's 500 stock index is 21, according to Bloomberg Business News. That is high, especially at a time when earnings are strong. It compares with a P/E of 16 two years ago and just 8 in the early 1980s.

A second value indicator is the average dividend yield for an S&P stock. It is now 1.9 percent, down by one-third from two years ago. Yields have never

been this low. "Once upon a time," says James Solloway, a Wall Street analyst, "a yield of less than 3 percent was considered a sign of an extremely overvalued market."

Even before the 1987 collapse, Mr. Solloway points out, "the dividend

yield never fell below 3.2 percent."

My own reasoning is that stocks are rising because companies and investors are both getting smarter. This time it really might be different.

Take companies. Many of them have learned that paying dividends, which emanate from after-tax dollars under U.S. law, is foolish. Instead of sending profits as dividends to investors, where they get taxed a second time, why not use them as capital to build the business? Or use them to buy back stock, increasing the value of shares that remain outstanding?

It appears that this is just what is happening. As a result, reports Dow Theory Forecasts newsletter, since 1991 the profits of S&P stocks have been growing nearly three times as fast as their dividends.

What about P/E ratios? Aren't investors paying too much for stocks? Again, maybe not. Since 1805, U.S. stocks have produced average annual returns of about 8 percent in real terms, or 11 percent at today's inflation rate. More important, research has found that, if investors hold stocks for 20 years or more, they are no more risky (that is, volatile) than government bonds or even Treasury bills.

Again, this has always been true, but it is possible that investors are finally waking up to the reality of stocks? Why buy a 30-year bond that pays 7 percent if a mutual fund (even after fees) will return 10 percent, in the long term, at no greater risk?

Still, I am wary. For instance, stock prices are clearly linked to profits. But, while corporations have certainly grown more efficient in their operations (thanks to both brains and high technology) and are selling more to a richer global market, it is unlikely that profits will continue to accelerate. Competition, remember, is global, too.

What about the baby-boomer argument? A flow of \$24 billion into stock mutual funds in a month sounds like a lot, but it represents only 1.4 percent of total stock-fund assets, which are just 14 percent of total stock market assets.

Of course, true buy-and-hold investors do not have to worry about any of this talk of the market being too high. If you are disciplined and have a long time horizon, you can ride the downs back up. But is anyone really that tough? And can anyone truly ignore the fluctuations of this market?

Washington Post Service

Will Pensions Expand With Expatriates' Horizons?

By Digby Lerner

ONE OF THE prime hopes for pensions in the next 20 years is that they will become more international than they now are. The continued globalization of business and the increased exportation of employees has led governments and corporations worldwide to seek ways to make pension contributions and benefits compatible with those in other countries.

Although some progress has been made — thanks to formal arrangements between some countries — organizing a pension plan remains the trickiest part of any relocation package. No matter what nationality you are or where you are sent to work, it is important to consider a pension's long-term effects on your pension before you go abroad, advisers say.

The most common stumbling block is the variety of national taxation and social security laws that make it hard to move a plan from one country to another. Even within the European Union, where capital and goods should flow freely among member states, there is still no agreement on the cross-border treatment of pensions.

Ideally, expatriates would be allowed to continue contributing to their chosen plans back home because that is probably where they will retire. In practice,

however, this may not be possible.

Americans whose pensions are tied up with their corporations or in a 401(k) retirement plan can be prevented from keeping up contributions while they are abroad. Worse still, those working in some parts of Southeast Asia and Europe may be compelled to contribute to local state plans from which they will get little or no benefit unless they retire in that country.

But there are several possible ways around these obstacles. For U.S. citizens, a great deal hinges on their continued relationship with their employer. If they are no longer considered to be earning their income in the United States, they will be disqualified from contributing to either a 401(k) or their corporate plan, said David Ellis, a Chicago-based partner with the international law firm Baker & McKenzie.

"In some countries, the status of the local subsidiary may put the employee outside the control of the U.S. parent," he said. "Quite often, corporations can only enter foreign markets through joint ownership deals. Unless these are 80 percent owned by the U.S. company, the IRS will consider them to be employed by the foreign portion of the business."

Some U.S. employers avoid this by having expatriates assigned to a business abroad on a temporary basis, thereby allowing them to remain attached to their original employer.

Organizing a pension is hardest for employees who take assignments in a number of different countries during their working lives. They risk having a string of small pension funds around the world, to which they may not have access later. Some countries allow pension investors to transfer their retirement funds into other plans, but this often means paying substantial penalties, said George Pavlou, a pension specialist at Swiss Life (UK).

"I can think of one example where one of our clients asked to transfer his fund from a Dutch plan into one in Britain," he said. "We could do it O.K., but it would have lost about 60 percent in penalties."

FOR MOST EXPATRIATES the answer is to invest offshore. This allows them to build a tax-free fund that they and their employers can continue paying into regardless of where the employee works. Such funds set up by individuals have the added advantage of being transferable between employers.

A growing number of investment firms are starting corporate offshore pension funds that employers pay into on behalf of their expatriate employees, Mr. Pavlou said.

"What we encourage businesses to do is build a fund for expatriates that mirrors the one they have for their do-

mestic employees," he said. "No matter what country you come from or where you work, you can build a tax-free pot of money to fund your retirement."

The only drawback to offshore pensions, he added, is that they are not recognized as pensions by most local jurisdictions.

"That means you do not get the tax benefits on contributions that local pensions offer," Mr. Pavlou said. "Instead, the benefits come from the tax-free income you draw at the end, when most local pensioners find they have to pay income tax."

But for many expatriates, income tax is not an issue, said David Bulteel, a director with the investment firm Capel-Care Myers Ltd. in Britain.

"The biggest areas for expatriates are places where wealth is generated very quickly and where income tax often does not exist — parts of the Middle East, Far East and Africa, for example," he said.

Mr. Bulteel said that what expatriates really wanted was to "build a tax-free fund for retirement."

"It doesn't have to be called a pension," he said. "There are plenty of financial advisers traveling around expat regions and slotting people into inflexible pension plans because it earns them a kickback. It's better to find an adviser who charges fees for investment advice and who will explore different options."

MBA Students Try Laughing All the Way to a Job

By Matha Nolan McKenzie
New York Times Service

DO YOU hear the one about the MBA student? No, really. Bret Scott, a director, writer and actor affiliated with Chicago's Second City comedy troupe, faced what seemed a very somber assignment in October: coaching graduate business students at the University of Chicago to improvise comedy routines.

His hopes were not high. What he expected were stiff, buttoned-down students delivering stiff, buttoned-down routines. What he found surprised and delighted him.

"They had no props, so they became their own props," he said. "One group was selling Happy Dog Food, and one of them was the dog, one was the bowl and one was the spokesman."

Another group sold an edible car — "When you get to the end of your trip you have your meal with you" — and another the Everlasting Shoe, which they ended up taking to heaven with them.

And earlier this year, at Vanderbilt University in Nashville, Tennessee, Paul Jacobson stood before his class-

mates and delivered a five-minute stand-up routine laced with self-deprecating Southern humor.

Business schools have long turned out graduates who could read financial statements and do statistical analysis, but employers are demanding something more. Vanderbilt and Chicago are notable for adding an unorthodox approach, although nearly all MBA programs are placing more emphasis on communications skills.

"It's interesting that hard skills are considered better than soft," said C. Thomas Howard, professor of finance and director of MBA programs at Daniels College of Business at the University of Denver.

"But when people go into management, it's the soft skills that dominate almost everything they do. They are the ones that make the difference in career success," he added.

Said David Fincus, MBA director at the University of Arkansas in Fayetteville: "Recently, I met with our

dean's executive advisory board, which is made up of working presidents and senior executives of companies throughout the Southeast. I asked them what they most wanted to see in an MBA graduate these days, and the answer was someone who is articulate, persuasive and can read a balance sheet — in that order."

FRED TALBOTT, a communications professor at the Owen Graduate School of Management at Vanderbilt, hopes that stand-up comedy will help his students master the first two skills. For the last three years, he has required students to create a five-minute routine. It gives them invaluable communication skills and increased confidence, he said.

"If my students can handle a stand-up comedy routine, they can handle anything," said Mr. Talbott, who once wrote gags for the U.S. television comedy show "Saturday Night Live."

His students gain different things from the exercise.

Mr. Jacobson, for example, valued the improvements it made in his presentations.

"I really had to think a lot about the effects of pauses, voice inflection and timing," he said. "I plan to go into

corporate finance, and the ability to use humor can really lighten up a dry subject."

For Suzanne Ivy, a classmate of Mr. Jacobson, the stand-up experience was one of personal growth. "That speech was the one that stretched me the furthest, and it really built my confidence to realize I can go beyond my comfort zone," she said.

But not everyone is a fan of approaches like those at Vanderbilt and Chicago.

"Bringing in Second City to teach communication is like hiring motivational speakers to teach a management class," said Paul Argenti, professor of management communication at the Amos Tuck School of Business Administration at Dartmouth College. "And there is no connection between being a stand-up comic and giving a good presentation, which entails organizing and conveying complicated material."

But Mr. Talbott sees a clear connection. "It's the most challenging presentation of any form," he said. "Your timing, your nuances, your delivery have to be exact. All leaders have to be great storytellers."

New York Times Service

Stranger in a Strange Land, at Home in Your Own Finances

Continued from Page 15

patriate market because it is the first package

On the Internet, there are hundreds of financial web sites.

to offer a multicurrency option. It allows users to set up accounts in a range of different currencies, but, unlike Quick- en Deluxe, it does not provide access to the Internet.

Pamela Christian, an expatriate living in Paris, says the multicurrency option has simplified her record-keeping.

"I travel frequently and use my U.S. credit card to pay for goods and services

abroad," she said. "When I enter my expenses into Quick- en, I can input the exact amount in the relevant currency. Quick- en will automatically convert these charges into U.S. dollars based on the current exchange rate. I keep a record of the foreign currency charges in the Quick- en register, so that I can match them with my credit-card statement."

In addition, Ms. Christian is now able to manage all her accounts in one folder.

"With the old version of Quick- en, I had to create separate folders for my dollar-denominated and franc-denominated bank accounts," she said. "When I moved money between accounts it was often difficult to keep track of the transactions."

There are a host of other computer software programs and on-line services that enable individuals to manage their budgets and track invest-

ments. More than 20 retail brokers offer electronic trading services. Some of these services, including StreetSmart, from Charles Schwab, and Fidelity Online Xpress, and Fidelity Online Xpress, are bundled-up with portfolio management software.

On the Internet, there are hundreds of financial web sites, some of which are free, that provide real-time quotes and information on individual companies and mutual funds.

Robert Wardrop, president and CEO of Netsat Systems, which provides Internet links between Europe and the United States, uses Quick- en to pay his credit-card bills in the United States. But he believes that the Internet has enough free financial planning tools and investment information to satisfy the needs of most investors without them having to purchase a financial software program.

"The one real advantage of Quick- en and Money is that

they have a variety of interactive functions under the one umbrella," he said. "A major disadvantage is that it takes a lot of time to input data and keep track of investments."

Moreover, Mr. Wardrop added, "these programs are not providing investors with access to all of the financial information currently available on the Net. They generally provide access to selected web sites, and there is often a charge for this service."

He recommends the following financial web sites, all of which are free, to Internet browsers:

• NETworth at www.Networth.Galt.Com.: Network by Galt Technology has de-

tailed graphic capabilities, Morningstar mutual fund performance information and a hyperlink to the Securities and Exchange Commission's EDGAR database, with up-to-date electronic filings of SEC reporting information.

• PC Quote at www.pcquote.com: This site offers free delayed quotes, with interface to Excel '97 spreadsheets for downloads.

• YAHOO! at www.yahoo.com: YAHOO! has a lot of financial information and services. It is easy to find and has foreign currency rates.

Insult, in conjunction with

Ernst & Young, has organized a series of personal finance management seminars in France, starting in March, which are designed to educate people about financial planning using computer software and the Internet. For further information call 33 1 46 93 67 95, in Paris.

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* Per MAR Magazine Dec. 1996 issue

Herald Tribune
SPORTS

SATURDAY-SUNDAY, FEBRUARY 22-23, 1997

WORLD ROUNDUP**Alphand Rebounds**

SKIING Luc Alphand bounced back from a disappointing performance at the World Championships to win his second-straight super giant slalom and take the overall World Cup lead Friday at Garmisch-Partenkirchen, Germany.

The 31-year-old Frenchman went to the championships in Sestriere, Italy, as a favorite for the downhill gold medal, only to see his hopes ruined by a fall. Alphand came back Friday to beat Hermann Maier of Austria by more than half a second. Alphand's time was one minute, 15.32 seconds. (AP)

Johnson Seeks a Pardon

ATHLETICS Ben Johnson is trying to get back in good standing in the track world in time to compete this summer.

Johnson's manager, Morris Chrobotek, said Friday that he had sent a request to track and field's governing body that Johnson be reinstated from his lifetime drug ban. Johnson plans to base his appeal on the meaning of the term "lifetime ban." The 35-year-old Canadian sprinter was stripped of his 100-meter gold medal at the 1988 Seoul Olympics and banned for two years for a positive drug test. He was permanently banned after a second positive drug test in 1993.

A spokesman for the International Amateur Athletics Federation said it would take an "exceptional circumstance" for Johnson to be reinstated. (AP)

Todorov Seeks Asylum

BOXING The Bulgarian boxer Serafim Todorov, an ethnic Turk who has been world champion three times, has fled to Turkey and asked for asylum, the Turkish boxing federation said Friday.

The 125-pound (57-kilogram) Todorov has also won four European championships and was a silver medalist in the 1996 Atlanta Olympics. (AP)

**IRS Blows Whistle
On 3 NBA Referees**
*Indictments Cite Travel Expenses*By Mark Asher
Washington Post Service

WASHINGTON — Three National Basketball Association referees have been indicted by federal grand juries in a 10-day period for tax evasion stemming from the reimbursement of on-the-job travel expenses.

More indictments are expected, perhaps as many as 15, according to Terry Grady, an attorney for a 21-year veteran of NBA officiating, Mike Mathis, who was indicted Wednesday in Cincinnati, Ohio.

"I don't know what the government is going to do, but I believe there are still that many being considered," Grady said from his office in Columbus, Ohio. He said the Internal Revenue Service contacted all NBA referees on the same day in 1994 and "advised each of them that they were under criminal investigation relating to the proper reporting of their reimbursed air travel expenses and utilization of their frequent flier miles and related credits."

Prosecutors declined comment on the possibility or the extent of additional indictments.

The other referees indicted were Hank Armstrong of Virginia Beach, Virginia, and George Toliver of Harrisonburg, Virginia. Both are former college referees who joined the NBA in 1988 when the league began using three-man crews regularly.

Lawyers for all three referees said their clients were not guilty. Armstrong is charged with six counts, Toliver five and Mathis three. Each count is punishable by a maximum of three years' imprisonment and a \$250,000 fine.

As part of collective bargaining agreements, the NBA permits its referees to travel first class on flights scheduled for longer than two hours. But the labor contract allows the referees to downgrade the tickets and keep the money saved. The referees are required to submit receipts to the NBA, so

the league can report additional income to the IRS. In all three indictments, the government has charged that the referees submitted bogus receipts to the NBA.

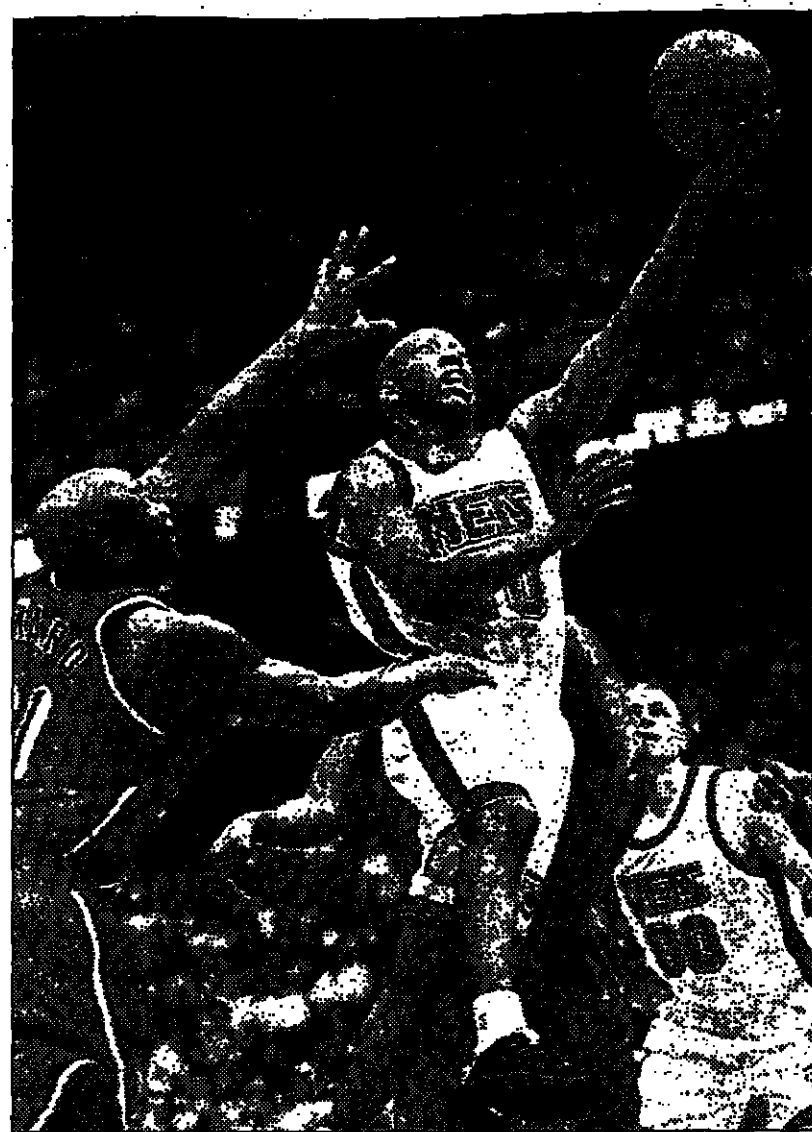
The federal government contends that Mathis failed to include approximately \$69,000 as taxable income in his returns for the years 1989-1992. Grady said his client had used frequent flier miles for many of his NBA assignments. "As Mr. Mathis's defense will reveal," Grady said in a statement, "the state of tax laws in this area is so nonexistent, unclear and confusing that [he] could not even begin to form the requisite intent" of filing erroneous tax returns in an attempt to defraud the government.

The indictments charging Armstrong and Toliver did not cite specific amounts of undeclared income. But prosecutors in Roanoke, Virginia, where Toliver was indicted, said in a news release that he failed to report about \$47,000. Prosecutors in Abingdon, Virginia, characterized the amount Armstrong failed to report as "substantial," and some sources said the sum in question was in excess of \$100,000.

According to their indictments, Armstrong and Toliver used unidentified local travel agencies to issue first-class air tickets, cancel them, then procure the lowest available fare and provide the referee with the passenger coupon of the canceled first-class ticket so he could submit it to the NBA.

Armstrong, his lawyer and Toliver's lawyer did not return phone messages for this article. Toliver has an unpublished phone number. Mathis declined comment, referring all questions to Grady.

While their cases are pending, the referees will not work games but will be paid their salaries, according to Russ Granik, the NBA's deputy commissioner. NBA referees are paid \$77,000 to \$224,000 a year, depending on seniority.



Sam Cassell of the Nets driving to the basket against the Heat. Cassell and Eric Montross, right, were traded to New Jersey from Dallas this week.

Remodeled Nets Lose
Hardaway's 35 Points Power the Heat

The Associated Press

Tim Hardaway spoiled the debut of the new-look New Jersey Nets by scoring 35 points to lead the Miami Heat to their season-high 11th straight victory, 92-87, in East Rutherford, New Jersey.

The game Thursday night was the Nets' first since the blockbuster nine-

player trade Monday that sent Chris Gatling, Jimmy Jackson, Eric Montross, Sam Cassell and George McCloud from Dallas to New Jersey.

The new Nets were an athletic team as they battled Miami for almost three quarters before succumbing to Hardaway's 23 second-half points and the Miami defense, which limited New Jersey to 5-of-22 shooting in the fourth quarter.

Alonso Mourning added 16 points, and former Net P.J. Brown had nine points and a career-high-tying 17 rebounds for Miami.

Pacers 92, Nuggets 88 After a busy day of trading, Denver looked lost without its old players in dropping a decision to Indiana.

Rik Smits led the Pacers, who never trailed, with 23 points and a career-high 16 rebounds. He had 15 points and 10 rebounds in the first quarter alone.

LaPhonso Ellis had 18 points and nine rebounds, and Antonio McDyess had 17 points and nine rebounds for the cold-shooting Nuggets, who shot 30 percent overall and just 2-for-25 from 3-point range.

76ers 101, Clippers 84 Derrick Coleman had 21 points and 20 rebounds, and Allen Iverson had 24 points and 13 assists as host Philadelphia snapped a five-game losing streak.

Clarence Weatherspoon added 24 points and 10 rebounds for the 76ers, who have beaten the Clippers 22 of the last 24 times they have played in Philadelphia.

Darrell Martin had 12 points to lead the Clippers.

Jazz 122, Celtics 108 Karl Malone scored 34 points and grabbed 16 rebounds as Utah won its seventh straight game.

Todd Day and David Wesley each scored 21 points, and the Celtics cut a 20-point deficit to six with 6:20 to play. But Utah finished the game with a 10-4 spurt.

Bryon Russell finished with 18 points, and John Stockton and Antoine Carr each added 15 as Utah won its 13th straight home game.

Knicks 109, Kings 87 Patrick Ewing scored 24 points, and Larry Johnson had 22 to lead visiting New York.

It was the seventh straight victory and 10th in 11 games for the Knicks, who shot 59.4 percent — tying their season high.

Mitch Richmond scored 25 points for the Kings, who saw their modest three-game winning streak snapped.

Bucks 101, Mavericks 88 Vin Baker scored 29 points to lead Milwaukee over host Dallas, which had four new players in the lineup.

Each time the Mavs made a run, Baker was there to stop them. Baker hit a free throw and a bucket in the last two minutes to help beat back a late Dallas rally after the Mavs had trailed by as many as 16 points.

Ray Allen scored 17 points, and Glenn Robinson added 13 for the Bucks. Shawn Bradley, making his Dallas debut, had 10 points, 10 rebounds and six blocked shots.

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Battle for 2004 Games Heats UpBy Ian Thomsen
International Herald Tribune

ROME, Athens, Stockholm and Buenos Aires were celebrating Friday the positive evaluations of their bids to hold the 2004 Summer Olympics.

The Italians were especially quick to seize the role of favorite based on the technical reports of the 11 candidate cities issued Thursday by the International Olympic Committee in Switzerland.

"I have to say that the report on Rome is excellent, better than could have been expected," said Primo Nebiolo, Italian president of the International Amateur Athletic Federation and a voting member of the IOC. "Now we know that the candidacy is serious and very valid."

One school of thought believes that Nebiolo will succeed in orchestrating votes for Rome.

Others involved in the selection believe just as strongly that a majority of IOC voters might be persuaded to rally around one of Rome's challengers, in part to prevent Nebiolo from wielding the increased power that would come with Rome's possession of the 2004 Games.

On March 7 the IOC will announce five finalists, which may then begin to invite each of the 112 IOC voters for official visits. The IOC vote will be

cast Sept. 5 in Lausanne, Switzerland.

The evaluations released Thursday seemed to diminish Cape Town's chances of becoming the first African host of an Olympic Games. But it might be premature to base such assumptions on the IOC's report, which was based on technical information. Cape Town's strengths are political, based on Nelson Mandela's charisma and on the city's role as an open challenger to Rome.

Chris Ball, the highly-respected leader of Cape Town's bid, seemed to be promoting his city as just such an alternative Friday when he criticized some reports in the international press for being written from "a Rome perspective." Such critics, he said, were "glorifying Rome and hitting Cape Town where Rome is continually trying to hit us, which is on crime. If Rome can persuade the world that Cape Town is not safe, then Cape Town can't beat Rome."

THE IOC report on South Africa said that "all levels of authority in the country are aware of and concerned about the serious crime situation the country is facing."

The report noted South Africa's detailed strategy to reduce crime and increase the level of safety and security. "The full implementation of these plans over the coming years will

be a challenge," the report added.

Many observers have said they thought Cape Town was the favorite when the 11 cities announced their bids, including Istanbul, Lille, France; Rio de Janeiro; San Juan, Puerto Rico; Seville, Spain; and St. Petersburg.

It is thought that only an outright IOC condemnation of Cape Town's technical ability to sponsor the Games could prevent it from reaching the finals. Indeed, the IOC's evaluation of Cape Town was optimistic in many areas, although more planning and an enormous number of facilities and transportation links are clearly needed.

The IOC is also expected to select a finalist from South America, probably Buenos Aires. As for Stockholm, the only obvious weakness in its technically sound bid seemed to have been a poll indicating the support of only 32 percent of the local population, with 32 percent against the bid on ecological and environmental concerns.

Athens also seems to be a sure bet to reach the finals. Like Rome, it was criticized for its monstrous transportation problems.

There were also concerns about Athens's budget and the likelihood of pollution alerts in summer. But no one can really weigh any of these issues in importance until the finalists and IOC members begin thrashing it out after March 7.

Jackson Goes Back to PacersBy Clifton Brown
New York Times Service

The Indiana Pacers needed a replacement for Mark Jackson. So they traded for Mark Jackson.

Preparing for a run at the playoffs, the Pacers addressed their point guard problem by reacquainting Jackson from the Denver Nuggets on Thursday, several hours before the National Basketball Association's trading deadline. Jackson and forward LaSalle Thompson went to Indiana in exchange for forward Eddie Johnson and Vincent Askew, a swingman.

Jackson, who leads the NBA in assists, is the key to the deal. The Pacers made a mistake when they traded him to Denver last summer.

Indiana's point guard committee of Haywood Workman, Travis Best, Jalen Rose and Jerome Allen did not play up to expectations. Best is still learning. Rose is not a true point guard. Workman has been plagued by injuries, and Allen was also traded to the Nuggets on Thursday, for forward Darvin Ham.

Meanwhile, Jackson, the former star with the New York Knicks and St. John's University, has enjoyed his best season, and his ability to penetrate and create should produce easier baskets for all the Pacers, particularly big men like Dale Davis, Antonio Davis and Rik Smits.

"This team is in the middle of a play-off race, trying to put ourselves in a position," Jackson said of rejoining the Pacers. "And these guys know me. They know what to expect. I think it's a perfect situation."

The Pacers have been anemic offensively. If the playoffs started immediately, Indiana would miss the postseason for the first time since 1989. But Indiana entered Thursday night's game against the Nuggets with a 24-27 record, just one and a half games behind Orlando, for the final Eastern Conference playoff spot.

This trade can help return the kind of feeling that we want on our basketball team," said Donnie Walsh, Indiana's general manager.

For Denver and its new general manager, Allan Bristow, the deals were for salary cap reasons. The Nuggets also traded guard Ricky Pierce to the Charlotte Hornets, in exchange for guard Anthony Goldwire and center George Zidek. Askew is a free agent after the season. Jackson has a \$2.9 million salary, and the Nuggets also wanted to unload Pierce's \$1.2 million salary. Now the Nuggets, who have decided to rebuild around Antonio McDyess, have more salary cap room to pursue free agents.

Among other moves, the New Jersey Nets sent swingman George McCloud to the Los Angeles Lakers for center Joe Kleine. Golden State and Charlotte exchanged forwards, with Scott Burrell going to the Warriors for Donald Royal.

Also, the Milwaukee Bucks sent guard Shawn Respert to Toronto for center A.C. Earl.

The Nets kept guard Jim Jackson, spurning overtures from the Cleveland Cavaliers, and Chris Mullin failed to escape Golden State because interested teams like Utah, Atlanta and the Lakers felt that the price was too high.

**Bowe Decides
'Semper Fidelis'
Isn't His Motto**

The Associated Press

PARRIS ISLAND, South Carolina — Riddick Bowe, the former undisputed heavyweight champion, is leaving the U.S. Marine Corps Reserve after 11 days in boot camp because he decided he could not handle the regimented training.

"He's been released at his own request," said Master Sergeant Chuck Demar at the Marine Corps Recruit Depot on Friday. Bowe was filling out the necessary paperwork and planned to leave shortly.

Bowe was in his third day of actual training Thursday, when he said he wanted to leave. Demar said. Demar added that Bowe had told his drill instructor and battalion commander that he "couldn't handle the regimented-training lifestyle." Bowe also told his commanders he wished he had enlisted earlier, the base said in a statement.

"I would think Riddick would like to serve his country, but in some other capacity," Rock Newman, Bowe's manager, said in a television interview. "Maybe now he can run for Congress or something."

Bowe announced Jan. 30 that he had joined the Marines and he arrived at Parris Island on Feb. 10. "It's something I always wanted to do before I got too old," he told the boxing press, then.

The 29-year-old multimillionaire had been scheduled to stay at Parris Island for three months of basic training. Bowe was to serve a total of three years in the active reserve and then five years in the inactive reserve.

The first few days of training begin at 5:30 A.M. and involve mostly physical exercise, running and boxing, although Bowe was not allowed to box because there was no one of his size and skill to match him with, Demar said.

A recruit can ask to be dismissed at any time.

"I am not surprised the regimen and the discipline that the corps requires is something Riddick had a bit of a problem with over time," Newman said. "To say the least, this is a monumental change for him."

Newman said that it also was hard on Bowe to be away from his wife and five children.

**2d 'Unofficial' Stage
Goes to Italian Riders
In Malaysian Tour**By Samuel Abt
International Herald Tribune

MALACCA, Malaysia

Showing their muscles after they took a day's excused absence from Le Tour de Langkawi bicycle race, Italian riders dominated the third stage Friday and swept to an easy victory. Too bad for them that, for the second successive day, the stage was unofficial and counted for nothing in the overall standings.

On Thursday, the daily stage was made unofficial because the two Italian and one French professional teams protested that they were too weary from long transfers between sites and too preoccupied with damage to their bicycles to continue.

So everybody else in the 25-team race carried on without them, unofficially, so that the absentees did not miss a stage and thus not be allowed to continue in a race in which they comprise most of the stars.

This time, two professional teams that did compete Thursday, Saturn from the United States and ZVVZ-Giant from Australia, protested that the Italian and French entries would have an extra advantage because of their day off. Also, the two protesting teams said, their bicycles had been newly damaged in shipment from the Thursday stage in Sarawak to the mainland. Race officials granted the second protest.

Unofficializing a stage is legal but, until Thursday, rare.

Friday's stage, the third of 12 in the race, Asia's richest, covered 92 kilometers (57 miles) of two-lane blacktop from Batu Pahat to Malacca.

Since all 150 riders in the race were to get the same time as the winner (the stage being an unofficial one), the Mapei and MG teams from Italy showed why they rank among the world's best. First, Gianni Bugno, the Mapei leader, attacked alone about 50 kilometers into the race and he was then joined by a couple of teammates, a few MG rivals and a handful of others, 10 in all.

Ten kilometers from the finish, Andrea Tafi of Mapei and Nicola Loda of MG burst free and sped to the line, which Tafi easily crossed first. For his labors, he received 6,000 Malaysian ringgit (\$2,400) but no time advantage.

Still, he was led to the podium and loudly applauded by the large crowd in Malacca.

The finish was set next to Warriors Field, a grassy expanse where Malaysian independence from Britain was proclaimed in 1957. Just visible, looming over a corner of the field in this age of the global village, were the golden arches of a McDonald's restaurant.

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FRENCH SPEAKING

SPORTS

Maccabi Gets by Olympiakos

By Ian Thomsen
International Herald Tribune

It must have felt like the inside of a beehive, with 10,000 roaring Israelis wearing yellow shirts and hats that had been passed out before the biggest game of Maccabi Tel-Aviv's season. Veterans of Israeli basketball couldn't remember the Yad Eliyahu arena ever being so loud.

Derrick Sharp, a naturalized Israeli from the University of South Florida and the smallest player on the floor, hit a tough shot with a half-minute left Thursday to give Maccabi a two-point lead over the Greek champion, Olympiakos Piraeus. At the other end, Brad Leaf, another naturalized Israeli from America, was fouled coming up with a rebound and sank the clinching free throws in the 82-78 victory that put Maccabi (9-7) into the 16-team EuroLeague playoffs.

It was the most important game of the regular season's final week. Maccabi's victory knocked out rival CSKA Moscow (8-8), last year's semifinalist and a winner of four European Championships in the days when it represented the Soviet Army.

Playoff Outlook

The first round of playoff games will be held March 6, 11 and 13 (if necessary). Following are the matchups, with the first team mentioned receiving the homecourt advantage on March 6 and 13:

Stefanel Milano (11-5) vs. Kinder Bologna (7-9) A sensational meeting between the teams now ranked third and second, respectively, in the Italian league. Milano is led by the former NBA player Anthony Bowie and Warren Kidd.

Alba Berlin (10-6) vs. Barcelona (9-8) Both teams know how to win in the last minute, Barcelona having acquired that trait in midseason via Aleksandar Djordjevic. Berlin's 36-year-old American, Wendell Alexis, is one of the great players in Europe.

Partizan Belgrade (9-7) vs. Olympiakos Piraeus (8-7) Olympiakos's famous Yugoslavian coach, Dusan Ivkovic, should know what to expect from Partizan, a young team rebuilding successfully without foreign players.

Euro-Panama Istanbul (12-4) vs. Maccabi Tel-Aviv (9-7) The Turks are directed by Petar Namovski and Polat Namik, who are one and the same person. In

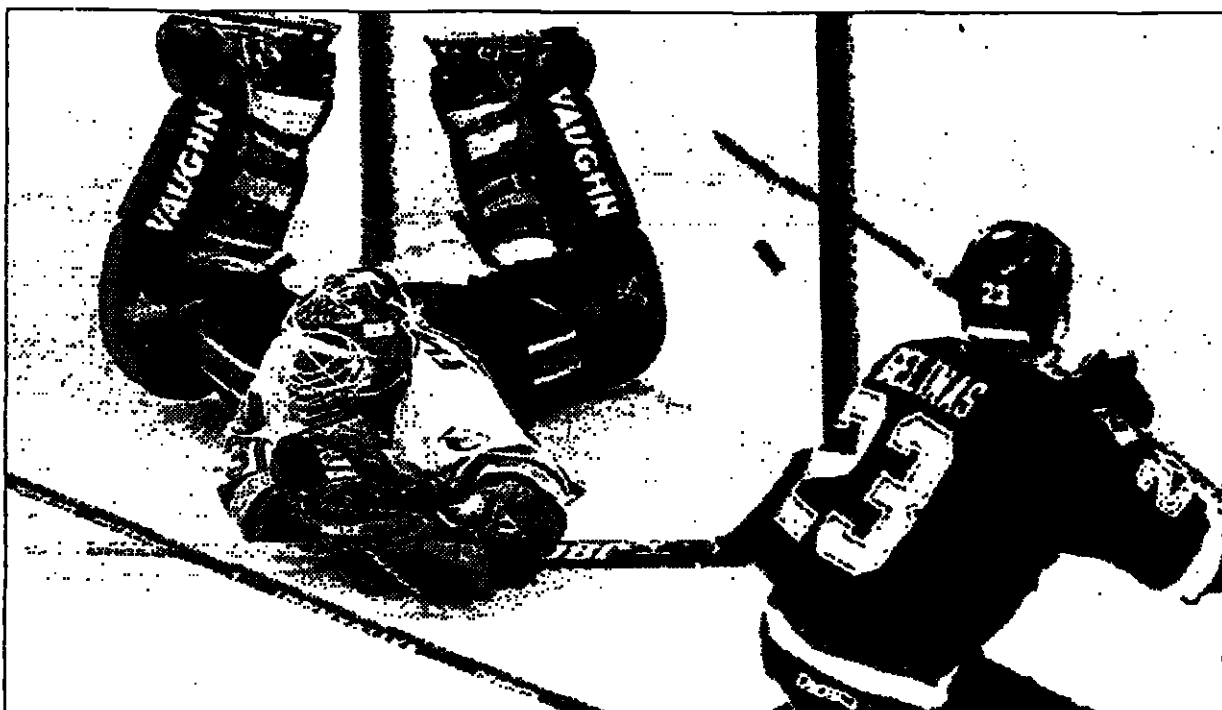
Turkey he is called Namik, the name he took after being naturalized a Turkish citizen; the rest of Europe knows him by his Macedonian name of Namovski. All of this is worth pointing out because many regard him as the best non-NBA professional in the world this season.

Tenaxsystem Bologna (12-4) vs. San Fernando Sevilla (7-9) Bologna is one of the more Americanized teams, with the Italian shooter Caden Myers, the American center, Conrad McRae, and the former NBA point guard Eric Murdock.

Clonca Zagreb (10-6) vs. Sheriff Olimpija Ljubljana (10-6) The next European star may be Ljubljana's 19-year-old Slovenian, Marko Milic, a 1.98-meter forward who plays above the rim.

Villeneuve de France (12-4) vs. Estudiantes Madrid (8-7) The 34-year-old American point guard Delaney Rudd has so far been the most valuable player in Europe for tiny Villeneuve.

Panathinaikos Athens (13-3) vs. Limoges de France (8-8) Defending champion Panathinaikos has earned the best record in Europe despite losing two former NBA forwards, John Salley and Anthony Avent.



Vancouver's Martin Gelfand putting the puck past goalie Wade Flaherty as the Canucks trounced San Jose, 6-1.

Tampa Bay Halts Flyers' Streak at 4

The Associated Press
Daymond Langkow and Chris Gratton each had a goal and an assist to lead the Tampa Bay Lightning over Philadelphia, 5-2, ending the Flyers' four-game unbeaten streak.

Dino Ciccarelli added his 574th career goal Thursday, passing former New York Yankee pitcher for ninth place on the all-time NHL scoring list.

Roman Hamrlik and Jason Wiemer also scored for the winners, while Eric Lindros

and Dino Ciccarelli tallied for Philadelphia.

Devlin, 2, Panthers 2 Martin Brodeur stopped 25 of 27 shots, extending his unbeaten streak to 14 games as New Jersey and Florida tied in

NHL Roundup

Miami. He robbed Mike Hough of a potential game-winner in overtime as the Devils ran their unbeaten streak to 13 games.

Blackhawks 5, Bruins 3 Tony Amonte scored while

being hauled down by Ray Bourque with 6:55 to play, and host Chicago beat the stumbling Bruins.

Boston's Adam Oates extended his scoring streak to 20 games in the loss.

The Bruins rallied from a 3-0 deficit with two third-period goals before Amonte scored while falling to the ice to restore Chicago's two-goal lead.

Bruins 1, Senators 1 Jim Campbell scored his 21st goal, tops among NHL rookies, as St. Louis and visiting

Ottawa skated to a tie. The Senators were held scoreless until Radek Bonk scored his fourth goal on a rebound at 9:41 of the third period.

Canucks 6, Sharks 1 At San Jose, Alex Mogilny scored two goals and added an assist as Vancouver romped past the Sharks, scoring three times on power plays.

Kings 3, Mighty Ducks 1 At Inglewood, Kings rookie Jeff Shewalter scored twice, and Roman Vopat had a goal and an assist in a brawling game with 118 penalty minutes.

Bonds Regains Title of Highest-Paid Player

The Associated Press

Baseball's money season pushed into the first day of full-squad workouts at spring training, with Barry Bonds regaining the top spot on the average salary list.

Bonds agreed Thursday to a \$22.9 million, two-year contract extension with the San Francisco Giants, a deal that gave him the sport's highest average at \$11.4 million.

The 32-year-old outfielder is due \$8.25 million this season and \$8.5 million next year under the \$43.7 million, six-year deal he signed as a free agent in December 1992. The extension calls for \$9.7 million in 1999 and \$10.7 million in 2000. San Francisco has a \$10.3 million option for 2001 and must pay a \$2.5 million buyout if it doesn't exercise it. Bonds had been unhappy since five players surpassed him in average salary.

Arbitrated Salaries Soar

The average salary for the 80 players in arbitration this year soared 15.4 percent — more than twice last year's rise. Players in arbitration saw their yearly salaries increase to an average of \$2,014,460 from an average of \$793,196. Last year, the average for the 76 players who filed rose 73 percent, to \$1,876,305 from \$1,087,031.

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DAVE BARRY

The Midlife Convertible

MIAMI — I got a convertible. Now I know what you're going to say. You're going to say: "Dave, you pathetic fool, you're 49 and you're having a midlife crisis. Trade that thing in immediately and get a car more suitable for a person your age, such as a 1910 Hupmobile with air bags."

No, dammit! I LOVE my convertible! I've ALWAYS WANTED a convertible! For 33 years I've been driving boring cars, starting with my mom's Plymouth Valiant, which was a Ferrari compared with my dad's car, a Nash Metropolitan powered by a motor the same size as the one found inside Tickle Me Elmo. I am a member of the small, select group of automotive losers who purchased both a Ford Maverick AND a Chevrolet Vega — cars manufactured when the motto of the U.S. auto industry was: "We're Working Hard To Make You Buy An Import."

For the past seven years I've driven a practical, box-shaped car. The auto industry calls it a "sport utility vehicle," which suggests that it's sporty; this concept is reinforced by TV commercials showing such vehicles racing up mountainsides, splashing across rivers, winning the Olympic pole vault, etc.

In fact, this vehicle is a station wagon. Admit it, sport-utility-vehicle owners! It's shaped a little differently, but it's a station wagon! And you do not drive it across rivers! You drive it across the Wal-Mart parking lot!

When I went to trade in my sport utility vehicle, I was going to buy another practical car. I truly was. But I ran into a salesperson named Jerry. Jerry's former profession was — really — powerboat racer. Currently, in addition to selling cars, he is co-producing a kick-boxing movie. So in terms of mature practicality, Jerry is not Mr. Both Feet On The Ground. I think that, if he could have, he would have sold me an F-16. ("Dave, if you're willing to do business today, we're going to throw in the floor mats AND the heat-seeking

missile package.") But I was firm, and in the end we compromised on him selling me a sporty used convertible with a five-speed stick-shift transmission.

Immediately after I bought the car, I put the top down and took my wife, Michelle, and my son, Rob, for a ride. They both wanted to know why anybody would want a stick shift, seeing as how you have to spend a lot of time shifting it. "Well," I explained, in my Knowledgeable Guy voice, "it's actually very practical, because by depressing the clutch you can more precisely control how fast the rpms go through the carburetor, which produces your ignition."

The actual truth, of course, is that a stick shift makes you feel like a major automotive stud. You crank up the song "Little Deuce Coupe" by the Beach Boys, and when they sing, "I get pushed out of shape, and it's hard to steer, when I get rubber in all four gears," you sing along at the top of your lungs as you push the clutch in, put the car in gear, ease out the clutch and — Kiss my exhaust pipe, automatic-transmission weenies! — you back out of your space in the Wal-Mart parking lot.

One thing I'm a little concerned about is bullets. I live in Miami, where it is customary to celebrate certain special events (such as nightfall) by firing guns into the air; when the bullets come down, they sometimes injure people. It's such a problem that The Miami Herald recently printed a letter to the editor, which I swear I am not making up, from a Miami man who suggested — and I don't think he was joking — that we would have a safer community if people would do what he does; namely, shoot at the ground. Here is an actual quote from this man's letter: "There are enough bullets in my yard to throw off a Boeing 747's compass, but they are all buried where they were fired, not to come down miles away."

Unfortunately, many Miami residents are not as thoughtful as this man. So for me, the fun of driving a convertible is dampened by the nagging concern that maybe I should be wearing a steel hat.

Another concern I have is that Rob, who has a driver's license despite being only 16, which from my perspective is the same as being a fetus, wants to drive my car. I figured learning the stick shift would slow him down. I know it took me a while. But Rob picked it right up. The second try, vroom, he was off. So of course he wants to use the convertible. My feeling is, sure! He can use it whenever he wants! The only condition is that first he has to drive for 33 years. Until then, he gets the Hupmobile.

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Michael Jackson Donates Pet Elephant to Florida Zoo

The Associated Press
JACKSONVILLE, Florida — Michael Jackson apparently doesn't want two hungry mouths to feed, so he sent his pet pachyderm packing.

Three days after Jackson's first child was born, he shipped his African elephant, Ali, to the Jacksonville Zoological Gardens. The 4,500-pound (2,045-kilogram) male elephant arrived by truck after a four-day ride from Jackson's Neverland Zoo near Los Angeles.

"We're really excited," a zoo spokeswoman, Doreen Sabina, said.

An Uzbek Virtuoso, Reborn in the U.S.A.

By Celia W. Dugger
New York Times Service

NEW YORK — Ilyas Malayev's leap from stardom to obscurity makes his an extraordinary tale of the immigrant experience.

In Uzbekistan, he was a beloved musician and vaudevillian with the tragicomic face of a clown. He once performed in stadiums packed with tens of thousands of fans, but in Queens, he seems to be just another aging refugee scraping by on welfare.

One recent afternoon, however, it was like old times in Tashkent. He had gone to a small Uzbek café in the Kew Gardens section of Queens that was redolent of fresh bread, cumin seed and dill, to be interviewed by an Uzbek television reporter for the government-run station back home. From his table, Malayev held court among his countrymen. He kissed ladies' hands, poured teapots of cognac all around and graciously accepted cigarettes from admiring strangers, his gold teeth glinting.

"Of course, who does not know Malayev?" said Pinar Kazakov, a tailor at the next table.

It was three years ago that Malayev immigrated to Queens, along with thousands of other Jewish refugees who arrived here after the breakup of the Soviet Union. He had watched as the world of his ancestors — the Bukharan Jews, who have lived in Central Asia for more than a millennium — was relocating to Tel Aviv and Queens. The Israeli government estimates that more than half the 120,000 Jews — both Bukharan and Ashkenazi — in Uzbekistan at the end of the 1980s moved to Israel, while a fifth moved to the United States.

But Malayev said the real reason he gave up his celebrity and livelihood was to chase the dream of publishing his poetry in America. Though he had won fame as a salaried entertainer in the Soviet system, he had been unable to get his poetry into print — perhaps because of anti-Semitism, as he believes, or the ossified Soviet cultural bureaucracy, as some scholars suggest.

Only now is his mastery of Central Asia's classical music and poetry beginning to gain a wider audience here. Last month, the Shanachie label released "At the Bazaar of Love," a compact disk by the Ilyas Malayev Ensemble. And last month, Indiana University Press published a book, "The Hundred Thousand Fools of God: Musical Travels in Central Asia (and Queens, New York)" by Theodore Levin, which includes a knowing, affectionate portrait of him.

This Sunday, Malayev and his group are to perform at Lincoln Center in a concert produced by the Queens Council on the Arts. Dressed in a mid-



Ilyas Malayev receiving a bouquet at a 60th birthday tribute in Queens; more than 1,300 people attended.

night-blue velvet robe edged with gold appliqué, he will play the tar, a lute with a body in the shape of a figure 8, and sing folk melodies and songs from the shashmaqam, the classical music of Bukhara. Musicologists say he performs with the skill and passion of a true virtuoso.

"He's one of maybe half a dozen people in the world who has such a deep knowledge of the shashmaqam," said Walter Z. Feldman, a lecturer in Turkish studies at the University of Pennsylvania. "What Malayev knows almost nobody knows."

Malayev, who is 61, and his wife, Muhabbat Shamayeva, who is 52 and who was a famous popular singer, will both perform at Lincoln Center.

Malayev spoke with endearing braggadocio about the throngs of fans who used to laugh at his jokes and sway to his music. He proudly explained through a translator, in Russian, that Sharaf Rashidov, first secretary of the Communist Party of Uzbekistan from 1959 to 1983, was "my biggest fan."

Malayev's life has been full of paradoxes: He was a Jewish star in a Soviet system notorious for its anti-Semitism; he is a 20th-century Jewish poet who mastered an Islamic poetic tradition that had its greatest flowering in the 15th century.

As a refugee in the United States, who was admitted under a legal provision that presumes Jews from the former Soviet Union to be a persecuted religious minority, he performs at receptions and ceremonial events for the Uzbek Embassy. He entertained President Islam Karimov when he visited Washington recently.

Historically, Bukharan Jews were court musicians to Muslim emirs, said Theodore Levin, the author, who is an assistant professor of music at Dartmouth. "That is a role Ilyas has fulfilled in this country," he said. "He's transplanted himself as the Jewish court musician to the Muslim political establishment. The Uzbekistan Embassy wants to throw a party, they call Ilyas."

Nonetheless, Malayev said he had felt the sting of discrimination in his homeland because he was a member of a tiny minority of Jews in a Muslim society. "I wrote poetry for years and it was never known because the people who had the power to publish it put up iron gates," he said.

His religion may well have been a factor, but Feldman, who teaches Turkish studies, said it was also possible that the Soviet cultural bureaucracy regarded Malayev's lyrical love poems written in the classical style as "silly, old-fashioned and reactionary."

Malayev arrived in the United States convinced that he would finally be published. But while he was well known here within his ethnic enclave (more than 1,300 people attended his 60th birthday party), he found no publishing patron.

"For a person born in a totalitarian system to come to a capitalistic world and adapt is very difficult," he said. "I thought I would come here and a Bukharan millionaire would offer to pay to publish my poetry. Unfortunately, my expectations blew up like a soap bubble."

Malayev finally published the book, "Milk and Sugar," himself. The poetry is in Persian and Uzbek. With a loan from the Bukharan Jewish Center in Queens, which he is still repaying, he had 1,000 copies printed.

"My purpose in life was to leave something that will be remembered for decades or centuries," he said. "I have done that in the United States by publishing my book."

After hours of talk, Malayev's wife put on some videos of each of them performing solos with an orchestra in Tashkent. On one, he played "My Favorite Things," from "The Sound of Music," on the sitar. Malayev's manager, Svetlana Levitin, leaned over and whispered, "It's the first time in history this song was played on the sitar."

PEOPLE

THE French existentialist Jean-Paul Sartre was not particularly interested in sex, according to letters written by Simone de Beauvoir and just published in France. Beauvoir wrote the letters to her American lover, the author Nelson Algren. "Sartre needs me. Outside, he is very isolated, inside he is tormented, very troubled," she wrote. "I am his only genuine friend, the only one who truly understands him." In bed the story was not so rosy. "Sexuality it wasn't a perfect success," she wrote. "Essentially because of him. He doesn't have a passion for sexuality." Beauvoir, who met Algren in 1947 when she was invited to speak at an American university, refers to herself in the correspondence as a "little lover-frog," while her paramour is alternately her "crocodile," "daring husband-out-of-wedlock" or "sunny animal." The 304 letters in the volume, written from 1947 to 1964, also detail the intellectual life of Paris and elsewhere, discussing such people as Albert Camus, Arthur Koestler, Jean Cocteau and Truman Capote. A spokeswoman for Gallimard, which published the letters in French, said that negotiations were underway for an edition in their original English version.

Elizabeth Taylor was recovering in a Los Angeles hospital Friday after a team of leading neurosurgeons successfully removed a benign brain tumor from behind her left ear. "Everything went as planned" during the three-hour operation, said Ron Wise, spokesman for Cedars-Sinai Medical Center. The Hollywood legend, who turns 65 next week, is expected to recover fully. Her four children and several grandchildren were at the hospital during the surgery.

Bill Bradley has gone from Capitol Hill to Wall Street. The former three-term senator from New Jersey and



LESS OF HER — Alicia Machado of Venezuela, the current Miss Universe, telling the hosts of the "Live With Regis & Kathie Lee" show that she has lost 10 of the 20 pounds she gained after winning her title.

former New York Knicks star has been named vice chairman of J.P. Morgan's International Council. The council, established in 1967, is chaired by former Secretary of State George Schultz and consists of leaders in business and public life from 16 countries.

Zsa Zsa Gabor is hotly denying a report that she is selling the Oscar won by her former husband George Sanders for his role in the 1950 movie "All About Eve." "The whole story's ridiculous," Gabor said from her Los Angeles home. "I would never sell it." Henry's Auction House in Germany has said it hopes to sell Sanders' Oscar for about \$5,000, along with thousands of dollars worth of Gabor's jewelry, at a sale Feb. 28 and March 1. Gabor said she last saw Sanders' Oscar about five

or six years ago and considered it lost. "I'd like to know who sells it. I'd probably buy it," she said. Sanders, who committed suicide in 1972, received the best supporting actor Oscar seven years before his divorce from Gabor. The Academy of Motion Picture Arts opposes the sale of Oscars. It considers them the property of the recipients, their heirs or the Academy itself.

Ralph Fiennes may be a leading man of the moment, as well as a contender for an Academy Award as best actor, but he is not exactly demanding star treatment in London, where he opened in Chekhov's "Ivanov" at the Almeida Theatre. Fiennes, nominated for his role as the enigmatic, disfigured Count Lazlo Almásy in "The English Patient," has the title role in "Ivanov," but he is working for the Equity minimum of £200 a week, or about \$320, the same salary as the rest of the cast. And when the curtain fell, he did not take any solo bows. Actress Francesca Annis, with whom he is romantically involved, threw three red roses onto the stage, and he picked them up and presented them to his three female co-stars.

For a time he sat alone in a holding area behind the stage. But these days, Bill Cosby seems to want to be surrounded by people, even strangers, as long as they laugh with him. When a few folks wandered into his sanctuary quite by accident before a Kansas City charity performance, the legendary performer urged them to sit down, pose for pictures and share jokes. Earlier, he had some private laughs with Hillary Rodham Clinton, who dropped by for the event. Cosby brushed off questions about how he is coping since his 27-year-old son, Ennis, was murdered in California, saying softly "I feel fine" — and changing the subject.



PRIMA BALLERINA — The Russian ballet legend Maya Plisetskaya being greeted in Prague by President Vaclav Havel and his wife, Dagmar.

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